

# THE NATION'S BUSINESS

*September*

1922

## A Hundred Years from Today

DR. CHARLES P. STEINMETZ

The Hard Path to Industrial Peace

VICE-PRESIDENT COOLIDGE

Some Queer Stories of Credit Work

By ALBERT N. HOGG

Why Go Backward in Power Control?

By O. C. MERRILL

Be Careful about Lending Your Name!

By SAMUEL HOPKINS ADAMS

Science for the Common Good

Policing Our Foreign Trade

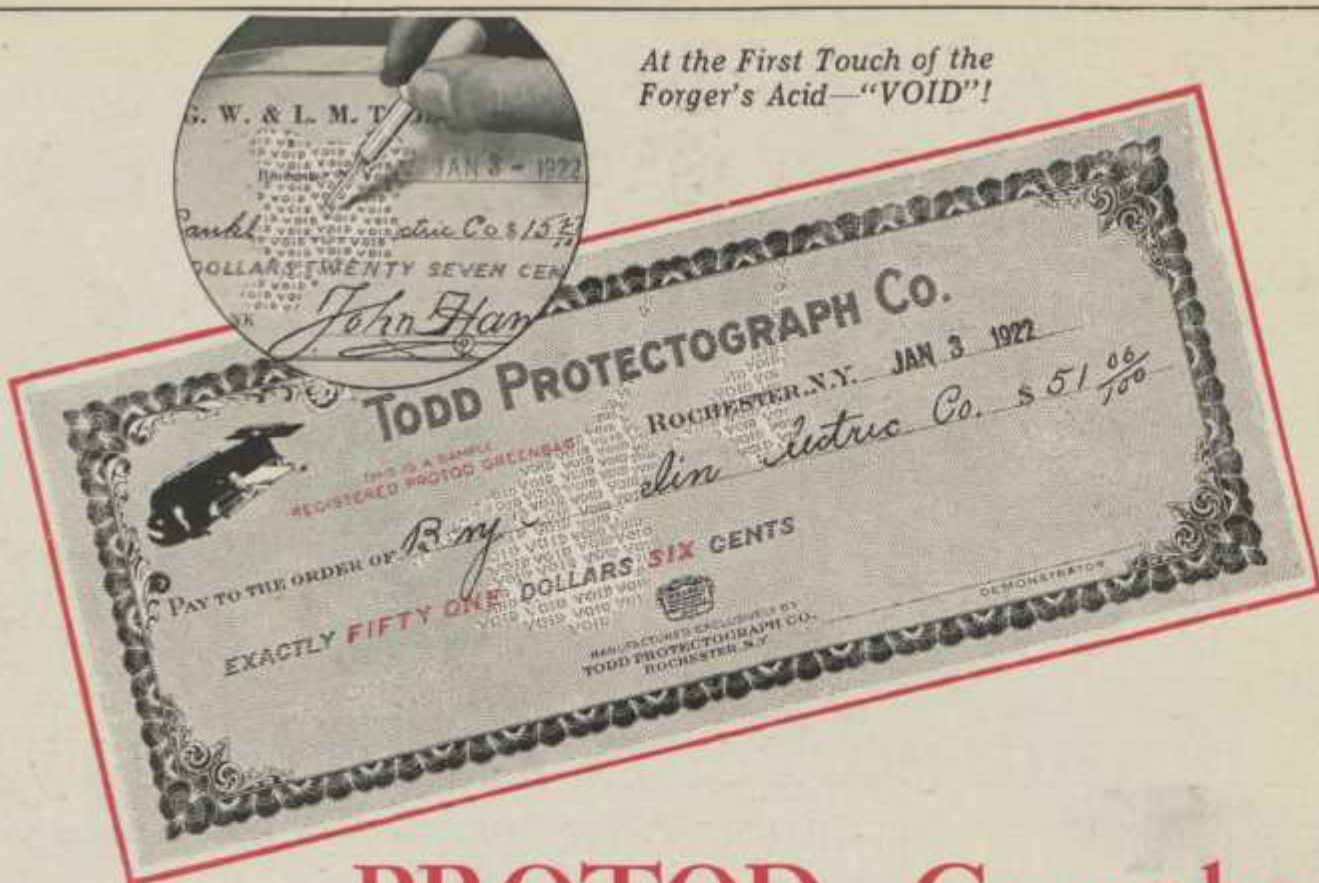
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Forger's Acid—"VOID"!



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and we will quote you a price on a building erected, sure to meet your needs exactly—

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**TRUSCON STEEL CO.**  
YOUNGSTOWN  
OHIO

Warehouses and Sales Offices  
in Principal Cities

NB-8

**MEMO.**  
To write to Truscon Steel Co.,  
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telling them our building  
problems





## "Charge It,"—and the bookkeeping wheels begin to turn

I HAD been told that this great department store had twenty-one thousand active accounts. Think of the thousands of items and the tens of thousands of purchases. Think what the bookkeepers are up against at the end of the month. As an accountant I knew what it meant.

The proposition interested me enough to go up to the bookkeeping department and ask a few questions. Their chief accountant gave me a shock.

"It is almost inconceivable, Mr. Holden," he said, "but this store gets complete monthly statements in the mail by one o'clock of the first and balances its books for the whole month, including the last day, on the first also. What's more, this is only a part of the volume of rapid and accurate work which our bookkeeping system, based upon fourteen Elliott-Fisher Accounting and Writing machines, accomplishes. We furnish the management with a complete history or record of the vital statistics of their business daily."

He laughed at my astonishment and explained—"Here is the very simple reason why we can do it—many of the important records are made at one writing on the Elliott-Fisher machines. This quantity production, speed, accuracy is attainable only by the Elliott-Fisher's flat-writing surface principle which makes it possible to handle many records by a single operation.

"Don't forget that flat writing—there's the secret."

"No," he went on, "it is not a new system of accounting but a method of intensifying and insuring accuracy, simplifying the recording processes, and accelerating the system you have—thought out and developed by skillful designers who made in this Elliott-Fisher a machine to fit the accounting needs. Thousands of retail institutions are achieving great accounting, credit and collection efficiency and economy with Elliott-Fisher machines."

Investigations taught me a lot more about Elliott-Fisher possibilities. For instance, each machine is an independent unit capable of performing the entire bookkeeping process in one operation. One Elliott-Fisher machine therefore offers to small local concerns the same advantages that a number of machines are giving to some of the country's greatest corporations.

# Elliott-Fisher

Accounting and Writing Machines:  
Flat Writing Surface

ELLIOTT-FISHER COMPANY

Executive Office

342 Madison Ave., at 43rd St., New York, N.Y.

Branches in all large cities

To summarize, the following is the Elliott-Fisher Idea of an accounting machine designed to meet all the requirements of the best executive and accounting practice:

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2. It saves the maximum of time and labor by making the greatest number of records or the greatest number of legible copies of one record at one writing. *The invoice, the bill of lading, the statement, the ledger record, the analysis of sales or purchases, or any other record or combination of records can be made at one operation on the flat writing surface, an exclusive Elliott-Fisher feature.*
3. It establishes mechanical proof of accuracy by means of the visual audit sheet which automatically proves each entry as it is written.



In return for an hour of your chief accountant's time, the Elliott-Fisher representative will analyze your accounting methods and make a written report to you of how much money Elliott-Fisher can save you.





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You can move into an Austin No. 3 Standard Building like that shown above in 30 working-days. You will have a building as permanent and substantial as brick, steel and concrete can make it. You will have large, unobstructed floor areas—2,000 square feet of floor space per column—well lighted and ventilated. Here are the specifications:

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*Concrete Foundations—Depth 4 feet below floors. Concrete floors 3 inches thick.*

*Brick Side Walls.*

*Roller Steel Side Wall Sash, Truscon, Penetra, Lupton, or equal. Mechanical Sash Operators for monitor sash.*

*Concrete Window Sills.*

*Structural Steel Frame, 2,000 square feet clear floor space per interior column.*

*Roof Structure, structural steel trusses, yellow pine purlins and roof sheathing. Note—Trusses designed to carry 2,000 pounds at any panel point.*

*Roof Waterproofing, Four-ply built-up composition roofing.*

This building is known as the universal type. Over 5,000,000 square feet of this building have been built. It is a type that is serving manufacturers in over sixty different industries.

Austin can deliver other standard or special types on short time schedule. Consultation with Austin engineers involves no obligation. Wire, phone or use the coupon below.



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St. Louis  
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The Austin Company of California, Los Angeles



Austin Modified No. 3 Standard, built for the General Electric Co.



Austin No. 3 Standard, built for the International Motor Co.



Interior of National Candy Co. building, shown below



No. 3 Standard in multiple, designed, built and equipped for National Candy Co., Mt. Clemens, Mich.

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Gentlemen: We contemplate the erection of the following buildings at the locations indicated. We would be pleased to have you send a copy of the new edition of "The Austin Book of Buildings."

Firm .....  
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# This Miller Tire

REGISTERED U.S. PAT. OFF.

*completely outwore*  
**TWO other TIRES**  
*of a leading make*



**W**E have repeatedly made the statement that the only *fair test* of a tire is to test it in actual comparison with other tires. Many great tire users have agreed with us. They are testing tires of different makes on the same truck. Not just one, but several tires, to find out which are *uniformly the best!*

## Millers Win Test After Test

The test held by the Deering Coal and Wood Company is only one of many. In all parts of America, Miller Tires are definitely proving that they actually give the greatest mileage at the lowest cost per mile.

## Because They Are Made Right!

Every operation in building a Miller Flat Tread Tire is the result of years of study. We are not content simply to build a better tire. Our ideals are to build the best tire that can be produced,

## Outwore Two Others

The Deering Coal and Wood Company operates a fleet of two-ton Autocar trucks. They determined to find out what make of tire would give the greatest mileage at the lowest cost. In their test, the Miller Flat Tread Pneumatic outwore two rival tires and partially outwore a third! It was in continuous service for over 32 months, covering better than 20,000 miles. When taken off to be used elsewhere, the cups in the tread were still  $\frac{3}{4}$  of an inch deep!

regardless of the performance of others. Right now price cutting has brought *quality cutting* in many tires. It is significant to note that we have *increased* the average mileage of Miller Truck Tires over 113%. At the same time their prices are lower than ever before!

Learn why the flat tread distributes the load better and increases the life of the tire. And why it gives traction in any weather and on any type of road.

**THE MILLER RUBBER COMPANY OF NEW YORK, Akron, Ohio**



## Through the Editor's Spectacles

WE HAVE received many kind letters about *THE NATION'S BUSINESS* "Extra" which went into the mails June 5. Our readers seem to appreciate the fact that this year we are giving them thirteen numbers to the dozen. One of the compliments we value especially because it was not written to us direct but was sent to a friend who was kind enough to let us see it. This letter is from L. R. Browne, of the International Western Electric Company. Mr. Browne says:

It is a corking number, one of the best I have seen, and they have all been uniformly excellent. I am keeping it on my desk and browsing through it whenever the opportunity presents itself. It contains both bread and meat. It is only too bad that every man, and I say that advisedly, in the United States cannot receive, read and digest a copy.

BUT WE don't want you to get the idea that the only letters we receive contain such bouquets as the above. We get kicks too, and we value them highly because they often point out weak spots that need to be corrected. Here is one from A. W. Wetsel, of the Wetsel Seed Company, Harrisonburg, Va. Says Mr. Wetsel:

I have been a subscriber to your magazine now for some months. Recently I received a circular letter inviting criticism.

From the very start, I was highly pleased with the publication, especially your policy of printing the truth at all times, regardless of faction, creed or class. It is too bad that we haven't more publications of this type.

Now, then, we come to the other side. It would be very unreasonable of me to expect you to be 100 per cent right, but I cannot refrain from following your suggestion or request that the subscribers "call you down" when they find an article inaccurate or stupid.

I happen to have made quite a study of "Cooperative Marketing," mainly with the view, I must confess, of keeping abreast of the times, and to know as far in advance as possible how it would affect my own business. So I must answer the article in the July number entitled "The Spread of Farm Marketing."

The article itself is fairly good, at least not so awful bad, since it is mainly statistical or historical, and does not attempt to forecast the future.

On page 38 you publish a cut, under which is either the editor or author's note. This is probably not stupid, but, to say the least, is several months behind the times. Do you not know that United States Grain Growers, Inc., has been dead since March? The time for watching the experiment is over.

To prove that they are dead, get a copy of their financial report made to the stockholders at their meeting in March.

We looked into the matter and found that the United States Grain Growers, Inc., is still going, but it is having its troubles.

BERTON BRALEY'S poem, "Business Is Business," published in the January, 1917, *NATION'S BUSINESS*, is still in demand for reprinting. It appears on the commencement program of the Sherwin School, Boston. Edward P. Shute, master of the school, wrote to the Information Bureau of the Boston Chamber of Commerce, asking to be advised as to a literary selection honoring the business man, and the bureau informed him that the poem was the best one available.

25 Cents a Copy

\$3.00 a Year

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Vol. 10

## THE NATION'S BUSINESS

No. 10

Published Monthly by the Chamber of Commerce of the United States, Washington, D. C.

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GENERAL OFFICES: MILLS BUILDING, WASHINGTON, D. C.

Eastern Office, New York

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Central Office, Cleveland

Woolworth Bldg.

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As the official magazine of the National Chamber, this publication carries authoritative notices and articles in regard to the activities of the Chamber. But in all other respects, the Chamber is not responsible for the contents of the article or for the opinion to which expression is given.

WE NOTE, in a tour of the *Congressional Record*, that two members of the Senate have referred recently to material in *THE NATION'S BUSINESS*. Senator Moses of New Hampshire, in making a speech on the subject of dye control on July 14, cites "an article appearing in *THE NATION'S BUSINESS* for October, 1921, written by Pierre S. duPont, chairman of the Du Pont Company."

Four days later the Dollar series gets into the discussion of the proposed ship subsidy. The gentleman from Ohio, Mr. Pomerene, has heard about the articles but he does not know where they appeared. He interrupts Senator Fletcher of Florida:

Mr. POMERENE.—Mr. President, if the senator will yield again, I was told the other day that a shipping man, Mr. Robert Dollar, has given out an interview or, in any event, has made a statement to the effect that there was no need to subsidize American shipping; that it could be operated successfully without subsidies. I should like to ask the senator from Florida if he knows whether Mr. Dollar has given expression to such an opinion.

Mr. FLETCHER.—I will refer to that opinion of Mr. Dollar and give the reference to it.

After following through the subject on which he is speaking, Senator Fletcher works around to the Dollar articles thus:

Capt. Robert Dollar, in *THE NATION'S BUSINESS*, June, 1922, says:

"I have been operating ships for a good many years, and I feel that I ought to know something about the subject. I have always felt that a shipowner who must have 'pap' from the Government does not deserve to be in the business. We do not need any advantage over the other fellow. We can take care of ourselves. But we do ask for an even break. Government interference and foolish laws have so far prevented that."

SPEAKING once more of the Dollar articles, we relate below an incident that happened on the morning when these lines were written.

A friend from across the street walked in through the open door of the editor's sanc-



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These additional features of economy are present in all Prudential Buildings:

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Baltimore, Birmingham



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Between the census of 1910-1920  
Omaha increased:

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115% in manufacturing  
54% in population

Omaha is the logical market to the richest farm region in America—a region having 3,450,000 people.

Wholesaling (1921) ..... \$344,279,525  
Manufacturing (1921) ..... \$327,634,061

Let us help you investigate your opportunities here. Ask for Sales Analysis 75.

CHAMBER OF COMMERCE

# Omaha

tum, with a New York magazine under his arm. He announced that he had something very interesting to show us, and he proceeded thereupon to make good the statement he had made.

"Evidently," said he as he turned through the magazine in his hand, "your editorial contemporaries know a good thing when they see it."

Arriving at an article in this magazine signed by Mr. Dollar, he asked for a July copy of *The Nation's Business* and turned to the Dollar article appearing in it. He then laid before our eyes the following awful parallel:

From the July "*Nation's Business*, Off the Press June 26.

Some sixteen years ago I was in Hakodate when they were celebrating the fiftieth anniversary of the opening of that port to world's commerce by Commodore Perry. On the principal street there was a painting of the Mikado shaking hands with Commodore Perry. (They didn't shake hands with him when he first went there. He threatened to blow them off the island if they didn't open the port.) In one of the parks was a full-size model of a steam yacht. Hanging beside it was a placard printed in Japanese which an interpreter read to me as follows:

"This yacht was presented by Queen Victoria to the Mikado thirty-three years ago. It was our entire steam fleet at that time. To show you what progress we have made and what we have done since, please turn around."

From the August —  
—, Issued about July 20.

Eighteen years ago I happened to be in Hakodate, the Japanese seaport. Only three Americans were there at that time. The people were celebrating the fiftieth anniversary of the opening of Hakodate to the world's commerce by Commodore Perry. On the principal street there was a painting of the Mikado shaking hands with Commodore Perry. They didn't shake hands when he first went there: he threatened to blow them off the island if they didn't open the port to the world's commerce.

We went into the park, where there was a full-sized model of a yacht. The framework of wood was covered with canvas and painted so as to represent a perfect vessel of the type, including masts, smokestack, and so on. Hanging on the side of the ship was a placard with printing in Japanese characters. An interpreter translated it for me as follows:

"This yacht was presented by Queen Victoria to the Mikado thirty-three years ago. It was our entire steam fleet at that time. To show you what progress we have made and what we have done since, please turn around."

What is the old saying about the sincerest form of flattery?

A SUCCESSFUL editor once said to me in discussing what makes news: "There are two things permanently interesting, women and money." He might have added taxes. Mark Sullivan's article in the July issue interested a number of our readers. Here's a letter from T. T. Read, who has a definite criticism:

I have read with the greatest interest Mark Sullivan's article on "What's Ahead in Taxes?"



## CASH

CASH is a little word with a big significance to every inhabitant of the United States.

To the retailer, with goods on his shelves, cash on the counter means a turn-over and a profit.

To the consumer, "paying as you go" means the practicing of the soundest policy and most beneficial method of buying. The cash customer can always take advantage of every favorable offering.

Today, merchants seeking to build "volume" of business—cash business—naturally seek some system whereby they will not have to resort to the old and shopworn cut price policy. A price slashing campaign knows no end except, perhaps, the end of the merchant.

In the *Sperry* Service—a service enabling merchants to pay cash customers a discount—just the proper and practical solution is found. The cash customer appreciates this extra consideration and gladly trades where *Sperry* Green Stamps are issued.

The *Sperry* Service has been building cash business for merchants since 1896. It has been imitated, of course. It has never been equalled, of course.

**THE SPERRY & HUTCHINSON CO.**  
114 FIFTH AVENUE NEW YORK



which is the leading article in your July issue. It is extremely readable, and, on the whole, serves a very useful purpose, but in reading it over I noticed some minor and major errors. . . .

In the Group A and Group B, which appear in the first column of page 10, his Group A is obviously too large. In hastily checking over the Budget figures, it seems to me he has arrived at this total by including the \$50,000,000 appropriation for the Shipping Board, which is obviously an item of expense derived from the recent war. He also includes an item of \$125,000,000 for good roads, which appears in the Budget total, but which, unless I am mistaken, was changed in the Post Office appropriation bill, so as to allot only \$50,000,000 for this year. I would also question whether this \$50,000,000 ought to be included as an ordinary expense of government, since it is an extraordinary appropriation and is a capital investment rather than expense.

I also question the fairness of comparing the Budget for 1923 with the expenditures for 1916. I have not the actual expenditures for 1913-15 at hand, but the appropriations for those years, as shown in the *World Almanac* for 1915, average only \$656,000,000 a year, or about one-half the figure Mr. Sullivan gives for 1916. A most significant thing which is not brought out in the article at all is that the three big items in Group A are the appropriations for the Army, the Navy, and for pensions, which amount respectively to about one-fourth, one-fourth and one-fifth of the total. The Army budget for 1923 represents 400 per cent of the 3-year average, 1913-15; the Navy budget is a little less than 400 per cent of the 3-year average, and the pension appropriation is about 150 per cent of the 3-year average. The big increases in expenditures, therefore, represent past and future wars, and when you take this out of the Budget for 1923, what is left is so small that it amounts to very little in comparison with these major items.

Talking about economy in the ordinary expenses of the Government reminds me a good deal of a family talking about economy in their laundry and milk expenses, when the major part of their money is being spent for rent, automobiles and vacation trips and things of that sort. I think Mr. Sullivan could have brought this out more clearly than he did.

LAST month we invited expressions of opinions upon the value of a college education in business. We received so many replies that we did not have room for them here, but have printed them in another part of this magazine.

IT IS difficult to make things too plain when you are giving directions. Any motorist who has ever asked the way knows that, and the rule holds good for other things.

Not long ago a Washington man, finding it hard to buy coal, ordered coke, and with the coke came a card of directions which read as follows:

"Fill fire-pot with coke and clean ashes from ash-pit."

The Washingtonian's wife, who is under suspicion of a sense of humor, wrote to inquire in what proportions should coke and ashes be used to fill the fire-pot, and should the ashes be put on top or mixed with the coke.

The reply was explicit and at length. The writer made it plain that "and clean ashes from ash-pit," simply means that you are to clean out all ashes from the ash-pit and throw them away."

After a few paragraphs in praise of coke he returned to the battle and said:

"But don't put any ashes in the fire-pot with the coke. Throw them away."

This is no time to joke with the coal man.

M.T.



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# Hotels Statler

Buffalo - Cleveland - Detroit - St. Louis

A new Hotel Statler (1100 rooms, 1100 baths) is now building at Buffalo—to open early in 1923; 500 additional rooms will be added later

In the Park Square district of BOSTON there is to be another HOTEL STATLER, with 1100 rooms, 1100 baths. Opening date to be announced later

## The "Back in the Kitchens"

By E. M. STATLER—being one of a series of ads embodying instructions to Statler employees.

**B**ACK of the swinging doors through which your waiter comes with your dinner, there's a small army working for you.

These kitchens are run for the guest; and the chefs and their helpers, the stewards and their assistants, everybody who has a hand in the preparation of your food, is taught to think in terms of your satisfaction and pleasure and convenience.

That the kitchens are completely equipped, and well organized, and clean, goes without saying—but if you'd like to see with your own eyes, you are invited to visit them any time you like. The point I'm trying to make here is that all those things are worth nothing to you unless the food that is brought you is right and satisfactory. It's the human service, here as elsewhere, that makes or unmakes your satisfaction. Perhaps, therefore, you will be interested to see how this aspect of service (from people with whom you aren't in direct contact) is accented in our instructions to them:

### Instructions to the Kitchen-Staff in the Statler-operated Hotels

"THE fact that you do not see the guest, and do not know his name, doesn't change the fact that it is he for whom you are working. In everything that you cook or garnish or serve or prepare, you are rendering a personal service to a paying guest.

"You know your business, or you wouldn't be here. You know whether things are done as well as they can be done; you know what 'best' means. So I want to say to you that every dish you prepare must be a best of its kind; that you must never do anything that isn't done well.

"When a guest takes the trouble, and the waiter takes the trouble, to explain some particular way in which a dish is to be prepared, be especially careful to get it as it is wanted.

"And always remember that our reputation depends, absolutely, upon whether people are pleased or displeased when they come to us; and that our success (and your success with us) de-

pends upon the kind of service they get. See that they have no cause to be dissatisfied with what you do for them. See that you do your part toward making more and more people want to come here.

"You are behind the scenes, and you may think that what the Codes say about courtesy doesn't apply to you. But it does, just the same; if you can't be courteous and considerate of your fellow-employees you are not as good a man or woman, in our eyes, as the others who are courteous.

"We want our restaurants regarded as the best restaurants there are; we want people to know that we will do anything necessary to give them satisfaction when they come to us—even to taking off their checks the charge for any items which they do not consider wholly satisfactory. Unless you are in sympathy with this policy, and will help us to carry it out, you aren't in the right job."

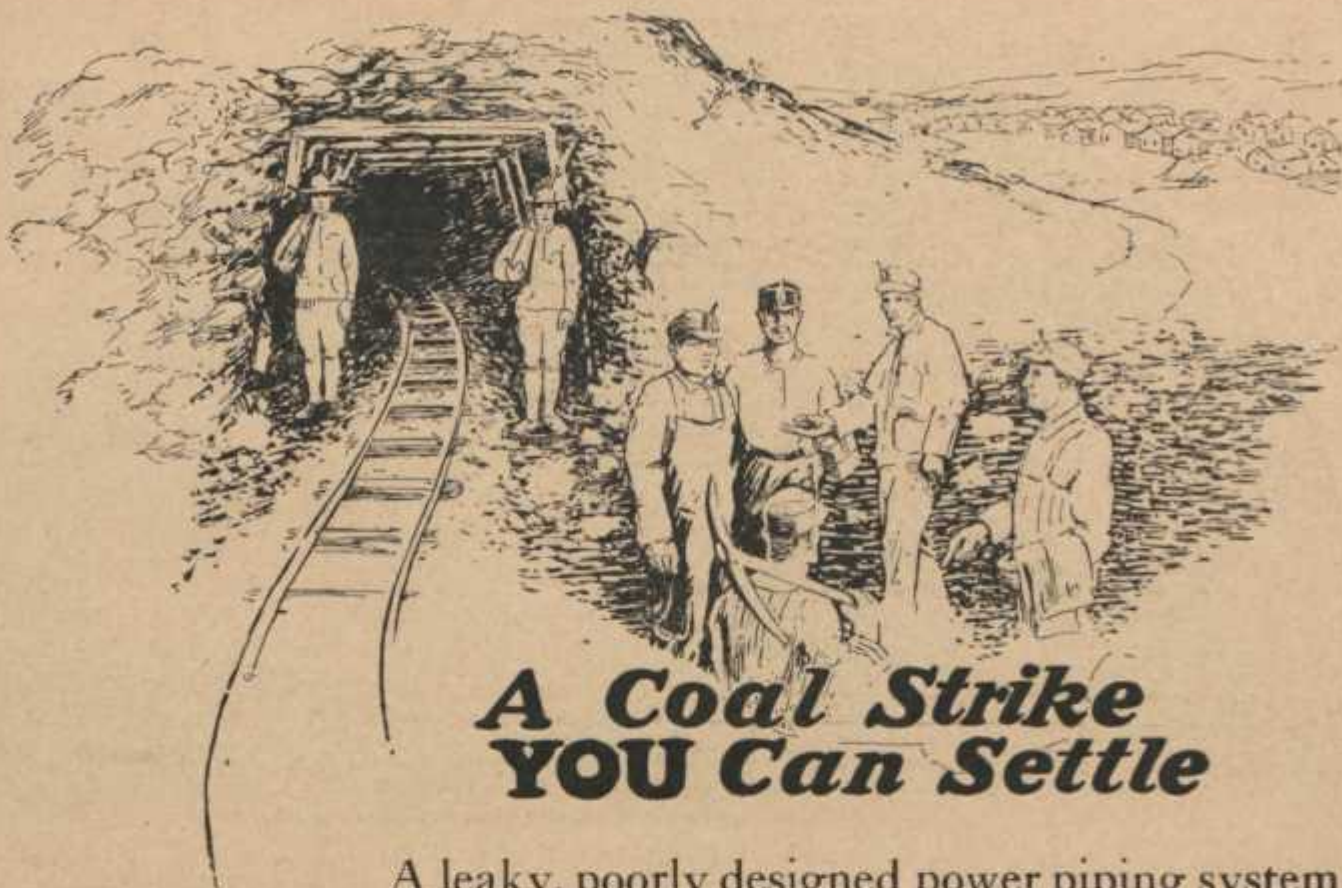
*Emory*



# Hotel Pennsylvania

Opp. Pennsylvania Terminal, New York. *The Largest Hotel in the World*





## ***A Coal Strike YOU Can Settle***

A leaky, poorly designed power piping system means that you don't get the most from your coal. It's as if your coal were to say, "I won't work for you."

But you can settle this strike quickly, and easily, for if you let "National" service install your piping system, the coal will be forced to expend all its energy in creating the power you want and need.

Settle this coal strike now—tell us your power piping difficulties and let us solve them for you.

*NOTE: We have just issued a very valuable and exhaustively complete text book on Piping Equipment, and shall be pleased to send a complimentary copy (upon request for Catalogue 5A) to those officials who are or who may be called upon to discuss and to solve piping problems.*

**National Valve & Manufacturing Company**

3100 Liberty Avenue, Pittsburgh, Pa.

Cleveland

Chicago

Indianapolis

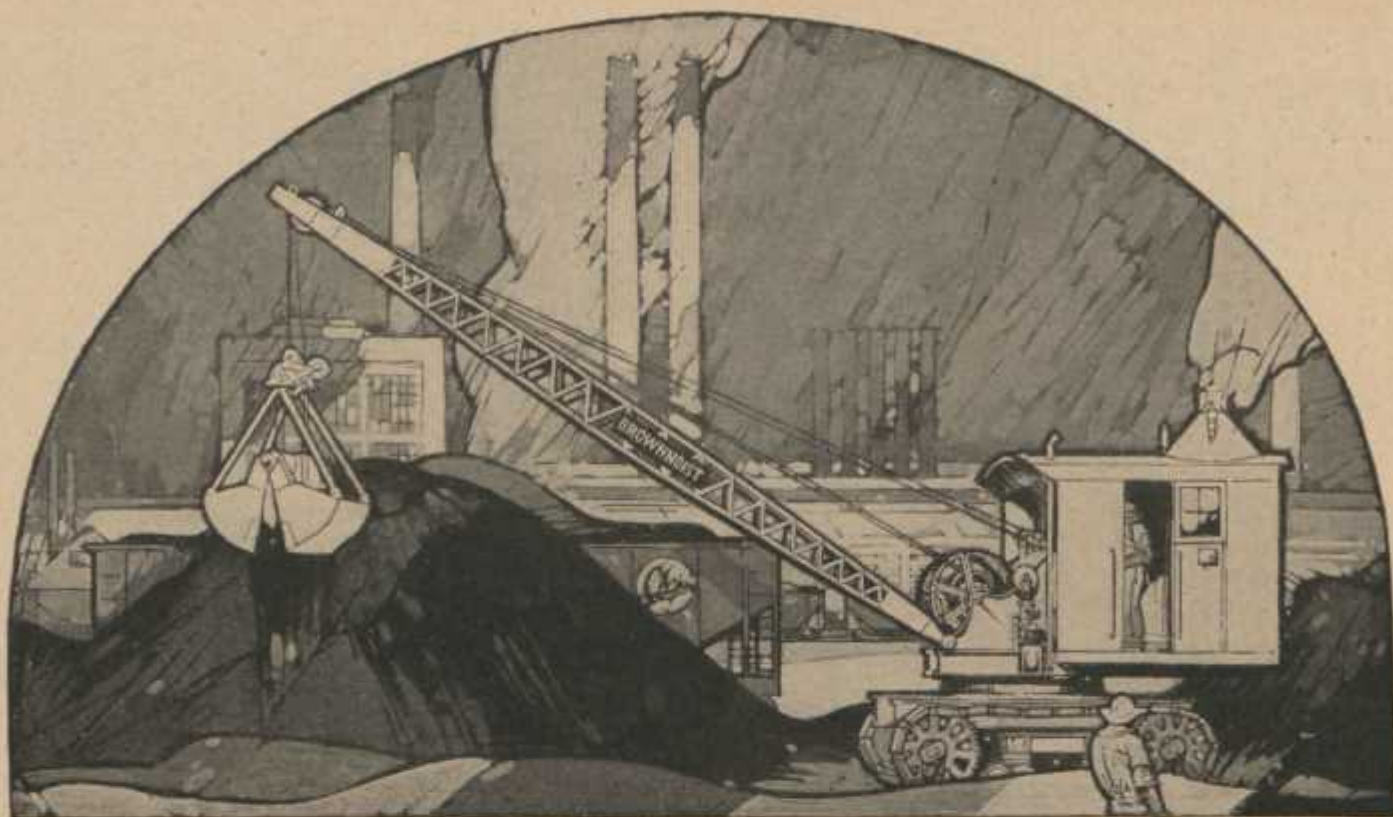
New York

Philadelphia

Atlanta

# NATIONAL





*Brownhoist No. 2 Crane on Creepers*

## Let Your Savings in Handling Coal Pay for a Brownhoist Crane

### Brownhoist Products

*Heavy Dock Machinery  
Locomotive Cranes  
Concrete Bunkers  
Overhead Cranes  
Bridge Cranes  
Buckets*

With the coal shortage over—and coal stocks exhausted—there will be a need of handling and storing unusual quantities of coal. You can do this with a Brownhoist Crane quickly, easily and at a cost of only a few cents a ton.

Many Brownhoists have paid for themselves in the handling of coal alone. Equally great savings are made in handling scrap and raw materials. Working with bucket, hook or magnet the uses of a Brownhoist Crane are widely varied and always economical.

If you are eager to cut handling costs let us send you Catalog K which shows many money-saving uses for Brownhoist Cranes.

**The Brown Hoisting Machinery Co., Cleveland, Ohio**

*Branches: New York, Chicago, Pittsburgh, San Francisco, New Orleans.*

# BROWNHOIST

**M A T E R I A L   H A N D L I N G   E Q U I P M E N T**



# THE NATION'S BUSINESS

A Magazine for Commerce Business Men

VOLUME 10, NUMBER 10

SEPTEMBER, 1922

## "One Hundred Years from Now"

An Authorized Interview with DR. CHARLES P. STEINMETZ by Brewster S. Beach

**W**HAT would your great-grandfather have said had you told him that in your time waterfalls would be driving the wheels of factories 300 miles distant? He would have said "Impossible." We have eliminated that word from our vocabulary.

What, then, may we hope to accomplish in the not distant future:

"Things that the present would pronounce marvelous indeed," says Dr. Charles P. Steinmetz, the world-famous scientist and engineer.

"Since material advancement depends on the utilization of energy, the supply now available to the world or that which may be made available to it is of the utmost importance. Our future advancement depends very largely on the proper and effective use of our present power resources, water power, coal, oil and gas.

"First, we must utilize our water power resources to a greater extent, and we will so utilize them. Untold amounts of energy are going to waste in our streams, rivers and waterfalls. We must reduce this waste power and use all our hydro-electric endowment in order to save our diminishing supplies of fuel. Secondly, we must increase the efficiency of power production from coal, oil, gas, etc., by utilizing a higher percentage of its chemical energy, which we now waste, and turn this into productive power. The future holds great promises in this direction also.

"Under present-day methods of converting the chemical energy of coal into electric energy, we obtain only 10 to 20 per cent. The remainder is thrown away as heat. Thus we burn many millions of tons of coal to produce heat energy, and by degrading the chemical energy into heat we waste the potential high-grade energy with which these millions of tons of coal could supply us. Let me illustrate graphically what this means. We use enough coal in a year to equal in bulk the Great Wall of China. With the chemical energy represented by another year's production we could raise that great mass up into space for a distance of 200 miles. It is clear, therefore, what the perfection of methods that would result in the utilization of a greater percentage of the coal we burn would mean to industry.

"What is true of coal is true of oil and gas. We do

not begin to utilize the energy they represent. Some day we shall come much nearer to obtaining 100 per cent efficiency from them. This is one of the problems of the future, and it will be solved successfully. Although we use only a small part of the possible water-power resources, what we do utilize we use at high efficiency—about 70 to 80 per cent. The problem is to make use of coal at relatively as high efficiency. I have no doubt that this will be done. When it is, it will mean a tremendous advance.

"Our third problem is one of applying energy more efficiently after we have produced it. We must, and we will, reduce the waste of power application—that is, electric losses—so that less power can be made to do more work. These are present-day problems, but upon them depend the wonderful possibilities of the future.

"It is interesting to note the promise held out by the use of mercury vapor in such a connection. By employing this vapor instead of steam in turbines, the turbines may yield from 40 to 60 per cent more power with the same fuel consumption. The mercury is vaporized in a boiler, and the vapor is carried to a turbine in the same manner as steam. After it is exhausted from the turbine, however, it still contains sufficient heat to generate steam in a steam boiler and the steam so generated is available for driving a second turbine.

"Thus it will be seen that as we learn more efficient methods for conserving energy,

and at the same time we perfect machinery so that the individual device will operate more and more efficiently, we shall have a greater supply of power to meet the ever-increasing demand for it. We are progressing in both of these matters, and as necessity impels we shall continue to advance at a faster rate."

"Of course," Dr. Steinmetz continued, "one may well ask why there are not other sources of power which may be utilized in the future. The tides, the wind, the waves, for example. These are, of course, possibilities, but possibilities in a remote sense. The amount which can be economically developed from them is so small that it does not come into consideration in the general power problem.

"This is because the usefulness of the tides is restricted by the fact that there are only certain sections where it would be worth while to consider impounding the water and setting it to turning wheels. It would be useless to think of artificial means of impounding the tides—the expense could never justify it."

Volcanoes, Dr. Steinmetz said, might be utilized, but the same principles hold here, and the volcanoes are few and very scattered.

"There are, however, two vast sources of power available which we have not considered, each hundreds of times greater than we could ever use—solar energy and atomic energy. In solar energy we have as yet no practical clue as to how to utilize it. Of all the claims put forward in favor of the sun boiler, present investigations

indicate them to be economically impracticable. I would not care to say that in a hundred years some means cannot be found to utilize this great potential power, for it might be possible. All I will say is that the sun power is too diffused to harness it in a practical way by means of sun engines or sun boilers.

"There might be, however, another way of utilizing solar energy. Biological engineering may open up this field. It is a practical prediction to say that means will be found to develop plants of unprecedentedly rapid growth. These plants will store away a very large amount of energy in a short time—just as the tree does in seventy-five or a hundred years. They will yield up this energy as burning fuel. The result of this will be to make available tre-

### Some Day We May Be Able To—

**T**RANSMIT unlimited power by radio much as speech is broadcasted today. Pick this energy up anywhere to do the world's work.

Utilize the tremendous energy of the sun in the arid regions to drive the wheels of industry in far off lands.

Extract unbelievable amounts of energy from the radioactive substances of the earth—energy millions of times greater than our present comprehension.

Achieve the scientists' dream of "cold light" and make electric light or some form of it universal and electricity as cheap as water.

Develop new sources of fuel, such as monster, rapidly growing plants which store more energy in a few days than trees do now in 75 years. Use this to help replace our diminishing supplies of coal, oil and gas.

Supply energy through a national and international system of interconnected generating plants from power distribution lines similar to a network of railroad tracks.

*From interview with Dr. Steinmetz.*



mendously increased quantities of fuel, and this may well help to take the place of our present forms of fuel when the latter are exhausted. This is something which we may look forward to as within the realm of probability. It is one way in which we may be able to make use of this great solar energy.

"I cannot reasonably predict many practical applications from solar energy. Yet a hundred years from now? Who can say that this problem, like others, will not also be solved? I believe it is sufficient to indicate the potential power of the sun. If it can ever be utilized, the arid regions of the United States alone would give about a hundred times as much solar energy as all the possible water powers of the United States and all our present coal production combined.

"Now as to atomic energy. I may disagree with the form of the present theories, but the underlying fact of the great store of atomic energy of radioactive substances is undeniable. The theory of this question is too complex to discuss briefly. The part we are interested in is the tremendous source of power that these radioactive substances offer. An evolution we understand dimly is going on among these substances, carried through thousands of millions of years, whereby energy is being given off at an exceedingly slow rate.

"Were we able—and if we shall be able—to harness this energy, we should have a force beyond anything known before in terms of power. If we could extract, at will and whenever we pleased, the energy in a pound of radioactive substance we should derive therefrom as much energy as we could by burning about 1,500 tons of coal; and there would be as much expansive or explosive force in that pound as in 1,500 tons of dynamite.

"Now the discovery of how to utilize this energy may come at almost any time, or it may never come if there are inherent reasons why the energy can be given off only at one definite rate, never faster or slower.

"At present, for example, the most concentrated source of heat is obtained from the combustion of hydrogen with oxygen in the formation of water. Yet we are told that the same volume of radium emanations yields ten million times this amount.

"It has been calculated from experiments that if the hydrogen in 9 cubic centimeters of water could be transformed by some process, such as electrolysis, into helium, 250,000 horsepower hours would be evolved. One scientist believes that this answers the riddle of why the sun keeps hot. He calculated that if 10 per cent of the hydrogen present in the sun condenses to form helium, enough energy would be supplied to maintain its present temperature for one billion years."

Intimately joined with the sources of power, the effective use of these sources, and the efficient application of power to human needs, is the problem of distributing it.

"A hundred years from now—yes, in a much shorter period than that—I can see the whole country using electric energy sup-

plied to it by a network of interconnected generating stations like a railroad system. All our power plants will be connected with one another. The problem which we will solve will not be so much in the direction of transmitting vast power over great distances, but rather one of interlinking isolated sources to one another so that the widest possible economical distribution may be obtained.

"Constant experiments in high-voltage transmission are paving the way for this great advance. In forty years we have seen the distance to which electric current may be commercially transmitted increase from 1 mile to over 300 miles, while voltages have risen a thousand-fold—from 220 volts to 220,000."



Dr. Steinmetz

To those who like to speculate on possibilities it will be of interest to consider one of the practical questions involved. The obstacle to transmission is the resistance of the wire. This resistance is inversely proportioned to the cross section of the wire and directly proportional to its length. Heat

is generated by the resistance of the wire to the current passing through it, and as the heat of the wire increases, its resistance also increases. If we could evolve a method of keeping the wire cool—as cold, for example, as the temperature of liquid air—the resistance would be less than one-third and the transmission possibilities would be increased in proportion. Incidentally, this would of course mean a decrease in the size of the wire and hence, in the aggregate, an enormous saving in copper and other materials.

"Is it impossible that a method should be found for keeping wires at so low a temperature?"

"Not at all impossible," Dr. Steinmetz returned. "We come back to the point again that it has not yet been necessary to solve the problem. We must first exhaust the possibilities of this network distribution system that I have described before we try to take up direct long distance transmission. When, and if, it becomes imperatively necessary to do it, it will be done. I am confident of that. Why use the word impossible?"

Why, indeed. No scientist will scout the possibility that at no remote time current from a waterfall in South America may be turning factory wheels in Australia or that solar energy from the Sahara may be furnishing light to dwellers on the shores of the Arctic Ocean.

This was suggested to Dr. Steinmetz, who nodded assent and thus led to perhaps the most interesting question of the interview: "Will power ever be transmitted by radio; and if so, how?"

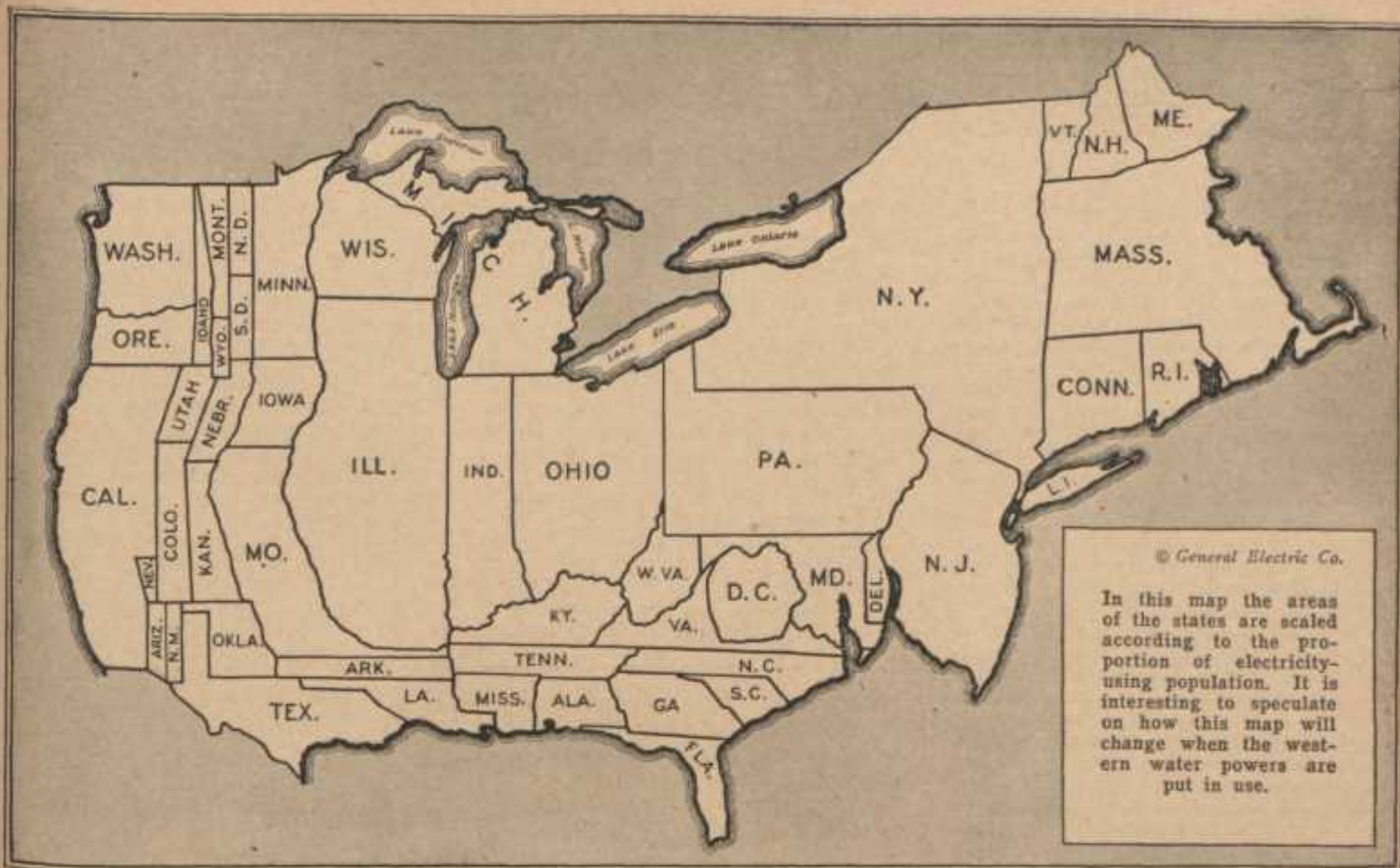
I had expected to find in the answer to such a question something of more than usual interest, something perhaps of startling significance. And I was not disappointed. Instead of taking up the commonly accepted belief that the difficulties of power transmission by radio are dependent upon directing and controlling radio waves, Dr. Steinmetz advanced another theory.

"Means may, and perhaps will, be developed," he said, "to send out energy broadcast by wireless, just as we now broadcast speech, and to pick up this energy anywhere."

"This will be dependent on our ability to prevent waste of the energy when not being used. At present, radio waves are absorbed in space as they travel outward from the generating source. They get weaker and weaker as they get farther and farther away. If we could generate powerful wireless waves just as we now generate powerful electric currents for wire distribution, and insure no appreciable waste of current until the switch is closed and the circuit completed, why should we not fill the air with this energy which would always be ready for instant use anywhere within the radius of the generating or energy broadcasting station?"

"Electricity is always at our service at the end of a wire. The generating apparatus keeps on going, but the current is not used until the consumer closes the switch. The energy, however, is not wasted. Once we are able to work out a similar system for





wireless we can have broadcasting stations constantly supplying energy for every need, ready to be picked up as occasion requires it.

"But think of the tremendous waste in wireless energy now. It flows out into space and is gone; it is only put to use in scattered receiving stations. Once we can stop this waste—devise, perhaps, a method whereby it can be returned to the sending station without loss—we will be in a fair way to realize the dream of sending power by wireless. The question of generating it in sufficient strength is not a serious one. On a small scale this has already been done. Why not on a large scale? Consequently, if I am asked, 'Will power be transmitted by wireless in a hundred years?' I would be inclined to answer in the affirmative, always with the provision that the problem connected with it as outlined is successfully solved; and I see no reason why it cannot be solved, should a sufficient necessity arise."

If we will be able, some day, to transmit power by radio, cannot we expect also to transmit vision?

"Possibly, but I hardly think so in a practical way," replied the doctor. "The transmission of sound and the transmission of vision differ so radically that they cannot be judged by the same standards. In sound transmission, one sound may follow after another over the same wire. In vision, we have to see everything at once. This would make necessary a multitude of wires, each carrying simultaneously a portion of the picture. No; a prediction of this today would be impracticable. I will not say, however, that it is impossible," he added.

The picture Dr. Steinmetz had conjured up of power distribution by radio opened up so interesting a vision that I turned from the subject to ask a final question.

"Cold light? Will it ever be a reality?" I asked.

"In lighting," he returned, "one of the

problems is not only to reduce the cost but to get more illumination from the same amount of current. The tungsten filament adopted within the past few years to replace the carbon filament formerly used has already given us a lamp which provides from three to six times as much light as the carbon with the same amount of electricity. Improvements have carried this a step further, and we are now able to get three times as much light with one-third less power consumption.

"Man is slowly and surely approaching the perfect light—the dream of cold light. Perhaps this will not come wholly through the agency of electricity at all, though electricity will doubtless be related to it. Insects, such as the firefly, glow-worm and rare forms of animal and vegetable bacteria, have marked power to throw off luminosity. When we learn how to make use of these in the production of light, stabilize the development and make it available for general use, then we will have produced cold light. Will it ever be done? Who can deny it?"

We are amazed at the progress that has been made in the last hundred years. Our successors, a hundred years from now, with achievements of which we now scarcely even dream, behind them as accomplished, prosaic facts, may stand breathless on the threshold of still more wonderful achievements.

### The Restless Tide of Immigration

IMMIGRATION has got back to the volume it had in 1899. In the year which closed with June 30, there were admitted 309,000 immigrants. Probably there would have been more, if restrictive legislation had not been in force. However that may be, if one turns to the prewar years he encounters the figures of 1913, when the volume reached its greatest figure, 1,218,000, and has to run backward for more than a decade to get a

figure comparable with the total of the twelve months recently closed—311,000 in 1899.

A striking figure in the statistics for the last year is the proportion of women; they outnumbered the men, thus reversing the usual state of things. There was another novelty in the figures for 1921-22; for the first time Hebrews constituted the largest number of immigrants belonging to any one nationality, reaching a total of 53,000. Besides, only 830 of this race left the country during the year. Southern Italians took second place in immigration, with 35,000; Germans gained third place, with 31,000, and the English came fourth, with 30,000.

The net gain through immigration is another matter; for it is necessary to take into account the emigrants. Altogether there were 198,000 emigrants, and a net gain in population through immigration of 111,000.

### The Government Switch Board

PUBLIC OWNERSHIP of a utility causes some wry faces in England, when the British telephone system, run by the Post Office, is contemplated. It happened that England received in the same week the report of an official committee which had been seeking the reason why the British telephone system is not a success and the reports of the telephone system of the United States for the previous year.

"The telephone system in America," one British comment runs, "is as different from what we know here under the same name as an article in general use is different from a rare and expensive luxury. In this country very few people not actually engaged in business use the telephone at all. In the United States, even in rural districts, it is quite common to find the telephone installed under conditions which in this country would seem to preclude the possibility of having such a convenience."



# Don't Lend Your Name!

By SAMUEL HOPKINS ADAMS

SHAKESPEARE was wrong. In the realms of his imagination men may have thought more of their names than of their purses, as set forth in the famous and generally misquoted passage from "The Merchant of Venice," but in real life and in these latter days it is different. People cheerfully allow the use and abuse of their good names by enterprises in which they would not dream of risking a dollar of their good money. And not people alone, but those combinations of people into institutions which we regard and respect as the bulwarks of our financial and social stability.

In my many years of investigating crooked schemes, from patent medicines down through culture-for-five-dollars-while-you-wait ventures to blue-sky stock promotions I have so often found the shadiest of them supported by the favorable opinion or permitted "reference" of some prominent and respected citizen or established local institution, that I have come to regard the average endorsement not as an earnest of reliability but rather as a signal warning me to read carefully between the lines before taking any chances. If the public in general would assume a like attitude, millions of dollars yearly passed into the pockets of the professional fakers would be saved to the too trustful investor.

Good names are the cheapest and most effective of assets to the trickster whose business it is to get something for nothing. He does not have to pay for them; they are loaned to him out of good nature or heedlessness or in pursuance of that sadly over-worked business creed, "Don't knock; boost." In the order of their value as bolsters to the confidence of the unwary I should rank the commoner sources of endorsement as follows:

- Banks and their officials.
- Chambers of commerce.
- Technical experts; engineers, professional accountants and the like.
- Mayors, postmasters, senators, congressmen and other office holders.
- Presidents of fraternal and similar organizations.
- Clergymen and professors.
- General "prominent citizens."

What does a bank "reference" really amount to? Take the instance of a defunct investment enterprise whose advertising matter bore on its face every mark of the out-and-out bunco scheme, and, to my surprise, included in its list of ostensible endorsers the name of a New York bank wherein I carried an account. Assuming that the institution was probably ignorant of the fact, I took the advertising matter to one of the vice-presidents.

"Do you know that the Phyllynite Company is using the name of your bank?" I inquired.

"Are they?" he replied, glancing indifferently at the circular.

"Have you any first-hand knowledge of the company's personnel?"

"None at all. They have carried an account here for more than a year." He pressed a button, gave some directions, and presently reported the result. "They maintain quite a large balance with us, running from ten to twenty-five thousand dollars," said he conclusively, as if that quite covered the case.

"But do you know anything of the nature

of their business, which they are using your name to support before the public?"

"Not a thing in the world."

Nor had anyone else in the institution, so far as I could learn, any better knowledge of the concern. The attitude of the bank was one of frank and, as it seemed to me, cynical indifference. It was somewhat modified later, when the investment company got into the courts and the institution's name was involved in the testimony. At that time, however, several years ago, for a bank to permit the use of its name in the advertising matter of a depositor was regarded as a matter of routine business courtesy.

Today it is far less common. Financial institutions are more jealous of their names. In fact, banking friends in New York assure me that the practice has been almost universally abandoned, in this part of the country,

**A** BANK'S good name should not appear in any connection with any business concerning which it is not fully informed, and for which it is not willing to be sponsor. Any departure from this rule in the interests of deposits or immediate profit, personal or institutional, is certain to bring costly reactions. The constant effort of promoters to add character to their offerings by using the names of reputable banks as depositaries, trustees or otherwise should be met by vigilant insistence that only such concerns should be extended such banking facilities as deserve credit and confidence.

*From an address before the Associated Advertising Clubs of the World by Francis H. Sisson, Vice President of the Guaranty Trust Co. of New York.*

at least. Yet when I see a flamboyant promoter's circular offering stock in a mining enterprise to extract platinum, gold, and other precious metals from the soil of Yonkers (platinum!—gold!—Yonkers, N. Y.!!!!), the circular being garnished with a couple of bank presidents, not to mention a flock of alleged mining engineers, I am compelled to believe that the enterprise of name-loaning or perhaps name-farming is not yet quite as dead as Pharaoh in financial circles. My suspicions are further fortified by the recent receipt in the mails of a blatantly fakish agency scheme lure put out by a gentleman who exploits himself as Chairman of the Board of a large and important bank in Buffalo, N. Y.—and is!

The special evil of financial institutional endorsement without full investigation lies in the fact that the public has a founded confidence in banks and that this confidence extends automatically, as it were, to any enterprise actually or ostensibly vouched for by a bank. Not once in a thousand times does the prospective investor go to the trouble of following up the claim by making any inquiries. There is the bank's name, in conspicuous print on the circular or advertise-

ment; the company certainly wouldn't dare to use it without permission; the bank wouldn't give permission unless it knew the enterprise to be sound; therefore the thing must be all right and safe; such, I think, is a fair summing-up of the average come-on's process of subconscious reasoning. I once selected, out of a large collection of advertising circulars, twenty of the most glaringly and obviously deceptive, all having bank endorsements or references, and wrote as a prospective investor to an official of each of the complaisant institutions requesting information. In only one instance did I receive anything but evasive or insignificant replies, that one being a letter from a Cincinnati bank president frankly advising me to have nothing to do with the scheme!

The modern attitude of banks in the matter of use of their names is exemplified by the rule of the Guaranty Trust Company of New York which refuses the use of its name, either as endorsement, reference, or even depository, by any depositor for purposes of the public advertising of any financial or commercial enterprise, no matter how reputable. Any depositor incorporating in his advertising or circularizing literature the company's name is at once notified to discontinue such use and also to withdraw his account. The underlying theory is not only protection to the Guaranty's good name, but also that the use of institutional names is not a proper "selling argument" and that any enterprise requiring this kind of support is presumptively not worthy of it.

When the notorious Pan Motors Company, of unblest memory, returned to the financial void whence it sprang, taking a million or so of gullible dollars with it, its extensive list of "suckers" could console itself (if it were easily consolable) that, at least it was mourning in good company since the corpse had been enthusiastically endorsed by an entire local chamber of commerce, an imposing list of banks and their officials, most of the leading business men of the place where the factory was built (and still stands, Pan-motorless), a bishop, a postmaster, and last, but not least, the Blue-Sky Commissioners of two sovereign states! Yet there never was a time when the Pan Motors Company had the stability of a thistle-down which, after all, does go on and produce something, though it be only thistles.

Misuse of names by unprincipled promoters cannot be guarded against effectively in all cases. They may buy or hire or borrow a private name and, in their exploitation, hitch it to institutional or public names of a character to inspire confidence, by methods which, however unfair and essentially deceptive, are nevertheless legally unassailable.

There lies before me a "broadside" issued by the International Radio Corporation, a company whose representations are as airy and unsubstantial as the upper ether through which it is supposed to operate. In this publication is featured, as newly appointed managing director, one, Harry Burrell, "noted financial adviser and big business executive," formerly, if one wishes to credit the claims of the sheet, "head of a special department of the Bankers Trust Company" and also "associate of such well-known magnates as J. P. Morgan, Cornelius N. Bliss, Jr., Gov-



error Benjamin Strong, J. D. Rockefeller, Jr., the late Harry (sic) P. Davison, Herbert Hoover, and a score of others." Names to conjure with! And in the art and practice of conjuring the International Radio Corporation is indeed the Hermann of financial advertising. In this single issue of their publication the Bankers Trust Company is artfully rung in no less than nine times, not only in connection with Burrell, but also with the name of an authentic vice-president of the institution whom the International Radio fakirs had "elected" to their directorate without his authority or even knowledge.

As for Burrell, he was simply a clerk in the trust company, worked in the same capacity for J. P. Morgan & Co. and was an "associate" of the other magnates named to the same extent that a flagman at a Syracuse crossing is an associate to the president of the New York Central. Of course the men and institutions named are both innocent and helpless in the matter; Burrell was within his legal rights in marketing his former connection with them. In itself, Burrell's name would have been worth little or nothing to the stock peddlers, but because, through him, they were able to throw around their shady proposition an atmosphere of high finance, they were willing to pay him fifteen thousand dollars a year salary. He has since resigned, but the International Radio Corporation has doubtless had its money's worth out of him as bait.

### This Detail Isn't Difficult

NOTHING is easier to join than the average chamber of commerce. It follows that membership implies very little more than ability to pay the moderate dues. Nevertheless as bulwark to a stock-selling scheme, for example, the line "member of the local chamber of commerce" is a distinct asset. Not infrequently a broader interpretation is given and the legend takes this form, "Endorsed by our local Chamber of Commerce." I have had occasion to follow up several of these endorsements only to find, as a rule, that they are based upon nothing more than the fact of membership. The head of one dubious enterprise whom I questioned upon his claim thus defended himself:

"Well, we're members of the chamber of commerce, ain't we?"

"Apparently you are."

"Well, they wouldn't-a taken us in if they didn't think we was all right, would they?"

"Presumably not."

"Well, ain't that an endorsement?" he demanded, triumphantly.

Possibly it is. Many such organizations are regrettably lax in their standards of membership, wherefrom arise complications. In a small Ohio city there flourished a spurious "art school" which became the subject of

Post Office Department investigation with the result that it hastily changed its name, and also its methods, the latter just enough to keep it within the law. Also it joined the local chamber of commerce. Previously to its joining, mail inquiries addressed to the chamber by prospective or suspicious patrons of the school had been answered frankly, and in consequence, with deterrent results by the secretary. Now there began to appear in the follow-up letters of the fakery the veracious statement that "we are members in good standing of our local chamber of commerce which testifies to our high standing in the community," a statement susceptible of being interpreted in two ways. Thereafter inquiries poured in faster than before upon the secretary of the chamber, not unmingled with complaints. Here was a quandary! What was he to do? Write, as an official of the organization, warning inquirers against one of its own members, which would be honest but bad? Or say that the chamber had no information, which would be dishonest, and worse? Or endorse the scheme, which would be worst of all? Being an honorable man, he is replying to the new letters much as he did to the old, though a little more cautiously, and that chamber of commerce is now in the anomalous position of issuing veiled warnings against one of its own members!

Testimonials from individuals have always been easy to obtain. I have in mind two noted men, one the president of a nationally famous financial institution, the other a distinguished "captain of industry" who, between them, have issued in the past several hundred of such letters, mainly because they were too good-natured to refuse. So many of these well-meant epistles have subsequently come home to roost, bringing with them a decidedly buzzardlike odor, that the once prolific and obliging name-lenders have become exceedingly "tight" in this respect. But the ancient brood of endorsements continues to turn up in places and attached to enterprises as unforeseen as they are disconcerting. The unpleasant fact is that Jim Smith, whom you have known as a good fellow and an honest man, may not continue to be either after he has extracted from you a letter testifying to your confidence in him and bespeaking a like confidence on the part of others.

A group of highly reputable gentlemen recently had a lesson to this effect in the case

of the Victor Pagé automobile concern, one of whose chief assets in its stock-selling scheme was a folder reprint of fourteen testimonial letters from men prominent in the engineering and trade publishing fields vouching for Pagé's ability and reputation. Says the special bulletin of the Associated Advertising Clubs of the World, issued as a warning against the stock:

"Our investigation reveals the fact that the letters were written in good faith and contained honest expressions of opinion, but their writers did not know the purpose to which the letters were to be applied, and when they learned of their use in stock selling activities, protest was registered."

Yet this same Victor Pagé whose ability and reputation honorable (if not too careful) men supported by their names, was trying to sell to the public 5,000,000 shares of stock through direct and deliberate misstatements about an automobile company which had never produced a single car!

### The Safest Rule

IT will take a long time to educate the gullible public to the point of realizing that most endorsements or references mean little or nothing. But in the light of the myriad fakes, near-fakes and blue-sky schemes now bidding for the public's dollars through the support of reputable names, begged, borrowed or stolen, it should be apparent to the intelligent business man that it is time to call a halt. Careless good-nature is an insufficient basis on which to loan an honorable and confidence-inspiring name. For institutions, the rule of the Guaranty Trust Company would seem the only safe one, to loan its imprint to no enterprise no matter how reputable. Chambers of commerce and like organizations might well formulate a similar rule, prohibiting the use of their titles on any advertising or circularizing matter of their members. As for individuals, the case is less simple. Appreciating the difficulty of refusing letters to applicants, I venture to suggest a standard legend to be neatly but conspicuously engraved at the head of this form of epistle, reading as follows:

"This letter refers to the personal and private character, only, of Mr. — and should not be interpreted as endorsing any business or financial enterprise with which he may be connected."

Perhaps it might give offense in a few cases, though name-borrowers are not, as a rule, thin-skinned. It would assuredly save subsequent embarrassment, in many instances, to the writer and money to the public. Meantime stringent legislation is needed to protect organizations, financial institutions, and individuals from deliberate misuse of their names by unauthorized adventurers in the lower realms of finance.





# The Hard Path to Industrial Peace

By CALVIN COOLIDGE

*Vice-President of the United States*

IT IS the common experience of mankind, at first thought, to find their lot disappointing. America has just gone through such an experience in an exaggerated form. Almost in a day nearly the whole population found themselves raised from a condition that they had often regarded as poor and mean to a position of comparative affluence. There was a seller's market. Whatever could be sold brought a fabulous price. The cost of all kinds of commodities and the value of real estate became very high. The compensation for personal service, which is commonly designated as wages, was increased to a point far above what it had ever been before in all history. Incomes which had before been scarcely a hope or a dream to the people at large had suddenly become a reality.

This brought a power, never before possessed, to gratify desires. There was a great rise in the general scale of living. All at once luxuries had become necessities. But the great mass of people, regardless of station, found this extraordinary material prosperity disappointing and unsatisfying. Believing that the cause of their discontent was still a lack of possessions, they reached for more and more until an artificial condition was created beyond the power of the resources of the nation to sustain. The general effort to get more and give less did not work. The inevitable reaction and depression followed. Something was lacking. People had expected that it would be supplied by having more property. It never has been. It never will be. They found that greater wealth, instead of relieving them of the necessity of work only changed its nature and added to their responsibilities.

## The Causes of Discontent

DURING this period there were those who made a wrongful use of their prosperity. They wasted it in extravagance, or worse, but they are not representative of the people as a whole. While they should be regarded with sympathy, the cause of their condition is perfectly apparent. It is the feeling of disappointment in the others which is the cause for concern. If the reason for their discontent be carefully examined, it will be seen that a considerable part of it is the result of their not thinking their problem through. They are the victims, not of the want, but of the deceitfulness of riches. They have found that having power does not remove from them the requirement of effort. They have found that human existence is not easy, and cannot be made easy. In whatever station, it is bound to be hard. They have found that the possession of everything of value, whether it be liberty or wealth, is held only by meeting the exaction of a price. The greater the value, the greater the price required.

If this discontent is not relieved by additional possessions, the remedy must lie in some other direction, for, surely, mankind has not been created and endowed with reason only to find that existence has been made a mockery without any power of self-satisfaction. If the material things of life are not of sufficient avail, the only resource left is in spiritual things. If the gathering of possessions has not sufficed, it may be well to

BEFORE the reader begins we want to tell him frankly that the accompanying is a copy of a speech made by the vice-president at the ninth annual Wellesley Industrial Conference. Instead of apologizing for the fact, we feel that we might well boast of it.

THE NATION'S BUSINESS does not make a practice of printing speeches as articles. But the ideas expressed here are so timely and of such great interest to our particular family of subscribers that we do not feel that we ought to keep the message from them because they did not happen to be present at the conference.

THE EDITOR.

examine our attitude of mind towards possessions. We need a fuller realization and a broader comprehension of the meaning both of political and economic democracy. In this age of science and invention and organization, there is a special need for a full understanding of the foundations of industrial democracy.

The word democracy is used very inaccurately. It is often taken to signify freedom and equality. Many have thought it represented an absence of all restraints. Others have considered it as providing a relief from all duties. The people of America have long been committed to democracy. The best thought of the world has been compelled to follow them. The easy way to understand what may be expected of it is first to understand what it is.

There has never been any organized society without rulers. The great power of mankind has been created through unity of action. This has meant the adoption of a common standard. In most ancient times this was represented in the chieftain. In modern times it is represented by a code of laws. The important factor to remember is that it has always required obedience. Democracy is obedience to the rule of the people.

The failure to appreciate this double function of the citizen has led to much misunderstanding, for it is very plain to see that there cannot be any rule of the people without a people to be ruled. The difference between despotism and democracy is not a difference in the requirement of obedience, it is a difference in rulers. The American citizen is at once a sovereign and a subject. He becomes an absolute sovereign by absolute obedience. He will be a limited sovereign if he limits his obedience. The criminal loses all his freedom. It is easy to see that democracy will have attained perfection when laws are made wholly wise and obedience is made wholly complete. One of the great tragedies of American institutions is the experience of those who come here expecting to be able to rule without rendering obedience. They have entirely misconceived the meaning of democracy. But they need not disturb its defenders. To cast it aside could only mean the accept-

ance of some old kind of rulers which have already been discarded. The true hope of progress lies only in perfecting it. Already it is better than anything else in the world. But it rests entirely on the people. It depends on their ability both to rule and to obey. It is what they are. The Government is what they make it.

This same principle has been working out in our economic and industrial life. We are slowly, and of course painfully, arriving at a state of democracy in this field. In its development it has been analogous to the development in political life. It is not very long ago that the man who owned an industry assumed to be the absolute lord over it. He ruled it. He fixed the hours and the conditions of employment and dictated the amount of wages. He recognized little or no obligation towards his employees and had little regard for his customers.

In large enterprises the ownership gradually became more and more divided with the advent of the corporation. In that case, oftentimes the management was entrusted to representatives, while the owners corresponded to absentee landlords.

Under this system, as soon as employees could organize and make demands, a condition existed which led to the most violent and bitter of industrial disputes. All hands were eagerly asserting their right to rule, forgetful of their obligation to obey.

Investigation and experience have gradually brought about the recognition of the correct principle. Time and economic development will insure its adoption. Industry is changing from the theory of exclusion to the theory of inclusion. It no longer is content with one small part of the individual, it seeks to enlist all his powers, to recognize all his rights as well as require the performance of all his obligations. In the ideal industry, each individual would become an owner, an operator, and a manager, a master and a servant, a ruler and a subject. Thus there would be established a system of true industrial democracy.

## Progress Has Been Made

IN very many industries this is already taking place. Employees are encouraged to purchase stock in the corporation and are provided with credit facilities for such purpose. This gives them ownership. They are encouraged to make suggestions for the better conduct of the business. They are requested to apply their inventive ability in the various mechanical operations. Through trade unions and shop committees they have a large share in the determination of wages and conditions of labor. By the introduction of the sliding scale and piece work they share in the general prosperity of the concern. This gives them management. Thus industrial democracy is being gradually developed.

There is a principle in our economic life that needs somewhat more emphasis. Long ago, James Otis declared that kings were made for the good of the people and not the people for them. It needs also to be remembered that the people are not created for the benefit of industry, but industry is created for the benefit of the people. Those who are employed in it are its chief bene-



ficiaries. Those who have acquired capital provide the plant and machinery for the workmen. Those who have acquired skill in organization provide the management for the workman. The manager secures the raw materials and markets the product. Capital and management perform this great service for the benefit of the workman. He performs a corresponding service for them. Unto each who contributes in accordance with his ability there is due equal consideration and equal honor. There is no degradation in industry, it is a worthy enterprise, ennobling all

who contribute to it. It will be successful in accordance with the opportunity given for the development of all the powers of mankind and of the acceptance of the obligation alike to rule and to obey.

The disappointment which has been experienced, at first thought, in the increase of power, whether of wealth or place, has resulted from the expectation that it would bring relief from the necessity of obedience. Neither political nor industrial democracy can relieve mankind from the requirement of obedience. There is no substitute for

virtue. Too much emphasis has been put on the desire to rule and too little on the obligation to obey. More and more all social problems must be worked out in accordance with this principle. An obedient nation would possess supreme power. The law of life, the law of progress, is the law of obedience, the law of service.

"Whosoever will be great among you, let him be your minister;  
And whosoever will be chief among you, let him be your servant."

# That Dangerous Passport Game

By ERNEST N. SMITH

*Manager Department of Resolutions and Referenda, United States Chamber of Commerce*

"OPEN for ten," said Uncle Sam in 1920, raising his visé fees 500 per cent. "We call you," responded the other players, in this case various European nations.

Regrettable as it may be in principle to do so, it seems necessary to make use of certain terms familiar to a low order of card players in the "unregenerate west," to describe what happened to Uncle Sam when he sat in the new international game of "passports and visés" and applied the bluff common to a certain great American card game. Ordinarily a kindly gentleman, he suddenly raised the "ante" just 500 per cent, and stood pat. Really, it was disconcerting the way the other players met the "ante," also "called" Uncle Sam and laid a few bets on the side.

Dropping the allegory at this point, let us proceed to the facts.

While previous to the World War our citizens traveled in and out of the United States and in and out of most other countries free of passport annoyance, the war made necessary certain drastic passport regulations. But the war has now been over several years.

In July, 1920, the United States raised its visé and passport fees from \$2 each to \$10 each. Listen in on the 1920 hearings of the House Committee on Foreign Affairs at a moment:

"I cannot see why a man who wants to go abroad could object to paying \$5 or \$10," said the chairman of the House Committee on Foreign Affairs in 1920, when the raise in passport fees was being considered by his committee. "They can all afford it," responded a committee member; "they are representatives of large concerns or people who want to go there for pleasure. . . ." And here the Secretary of State remarked, "I think you could make a considerable increase."

The \$10 charge on passports was finally adopted, and during the fiscal year 1921 it brought in approximately \$1,300,000. But at the same time visé fees paid by aliens were also raised from \$2 to \$10, and that brought in over \$6,000,000 in the same year.

Since that time the Government, however, has passed immigration restrictions whereby there will be admitted to this country each year only 3 per cent of each nation's citizens who were in the United States in 1910, so that until the law is changed not over 360,000 aliens per year can immigrate to this country. During the last year approximately 240,000 arrived. In other words, Uncle Sam says now, "Only a limited number of you can get in, and we'll charge you high for the privilege."

It was that high charge that caused the trouble. That is where Uncle Sam "called."

In the case of some nations their fees for visés automatically went up, and other nations, particularly those in Europe, promptly retaliated by raising their own fees to meet our own. And here's the rub. The raise wasn't general against other nationals, but specifically against Americans, and to such an extent that in certain European journeys the American today pays over ten times what it costs a Frenchman, for instance, to make the same journey. To be specific, we quote from a letter written in December, 1921, by the Berlin director of an important American company, who tells of discrimination practised by foreign governments against American travelers exclusively, because of our increased fees.

For instance, anyone located in Berlin who has occasion to make a journey to Czechoslovakia, Austria and Hungary must have a visé from the German Government to leave and return to Germany and visés from the other three governments to enter and leave or pass through their respective countries. The American pays the following fees for his visés:

Germany .....	M30.00
Czecho-Slovakia .....	625.00
Austria .....	620.00
Hungary .....	620.00
Total .....	M1,895.00

The English business man secures his visés for the following amount:

Germany .....	M30.00
Czecho-Slovakia .....	120.00
Austria .....	110.00
Hungary .....	140.00
Total .....	M400.00

The French business man gets even a better rate, for his visés figure out as follows:

Germany .....	M30.00
Czecho-Slovakia .....	45.00
Austria .....	55.00
Hungary .....	45.00
Total .....	M175.00

This discrimination against the American does not only apply in these poorer central European countries. Denmark and Norway get at us in the same way. The American traveling from Berlin to Denmark must pay M84.00 for a visé, while the German pays M30.00; the Frenchman, M84.00; and the Englishman, M125.00; Norway charges the American M625.00; the German, M370.00; and the English-

man M125.00. Sweden and Holland have the same fees for all nations.

The general plan works about like this: The United States will only let in a maximum of 360,000 aliens a year, and charges a high fee. Europe as a whole permits any number of Americans to enter and charges an equally high fee which in the aggregate costs Americans an enormous sum. How much we shall see later.

About 140,000 passports were issued to Americans during the past year, and such statistics as have been gathered indicate that not quite 25 per cent of the passports have been issued to business men for commercial trips. Business men ordinarily use passports several times before their expiration, but no statistics are available as to this. About 80 per cent of the passports issued are for travel in European countries, where our raised fees were almost universally met. Asiatic and South American countries as a rule treated us more kindly. In other words, nations not enjoying our extensive American patronage did not indulge in any idle gestures.

Be it known also that a conservative estimate shows that the American traveling in Europe visits at least four countries. A simple calculation will show that, while Uncle Sam feels that any of his citizens traveling abroad can well afford to pay him \$10, Europe places a higher value upon his ability to pay and the bill is at least \$40. Or state it a different way:

In the fiscal year just ended we collected approximately \$2,500,000 in visé fees from aliens. The lowest authoritative estimate as to the amount Americans paid abroad in visé fees is \$4,500,000, and estimates by those who ought to know run up to \$6,000,000.

Bearing all these facts in mind, consider now the statement of principles as enunciated by the Secretary of State during the House Committee hearings before mentioned. He said, "The preponderance of the United States in the financial and economic domain has placed us in a position which carries with it a tremendous responsibility and thrown upon us an obligation which if not unerringly discharged might subject us to the aggressions of others" (the italics are mine).

The extent of aggressions in one instance is indicated by a letter written by an American business man in April, 1922, from which I quote:

When I tell you that the charges for my passport and visés on this trip exceeded by \$20 the price that I paid for a first-class passage from Cherbourg to New York in 1913, with private bathroom included in the suite, you can see what the monetary cost is. As a mat-



ter of fact, the loss of time and inconvenience is very much greater than the expense involved.

The present Secretary of State remarked recently in an address before the last annual meeting of the National Chamber, "... Under the present schedule of passport fees, which I shall be glad to see revised and reduced, for the last fiscal year the receipts of the department exceeded the total expenditures of all services by over \$1,270,000."

A satisfactory showing to be sure, in these days of governmental deficits, but while several millions of dollars were taken in by the State Department from foreigners, as well as from Americans going abroad, many more millions have been taken from Americans by foreign countries, and they have been taken through retaliatory fees levied specifically and almost exclusively against Americans.

Not only is the matter of expense involved in connection with fees, but there are innumerable personal delays and discomforts incidental to obtaining passports and visés. We seek to increase our foreign trade, yet today, no matter how commercially important a mission may be, and even if it involves trade with foreign countries amounting to millions of dollars, the American citizen is taxed for going after that trade to an extent not equaled in the case of any other nation in the world.

To quote again from the testimony of the Secretary of State given in the 1920 hearings:

The Department of State is desirous of fostering and developing a broad and worthy policy which in its application will discharge our obligations toward the foreign world with justice and equity, and at the same time create a wholesome atmosphere favorable to the extension of American trade, an atmosphere free of obstructions, discriminations and artificial barriers.

So much for the excellent principle. It is adopted by most foreign nations in the matter of passport fees so far as their own nationals are concerned. Congress, however, started this trouble by raising fees, and now our Peter, and Paul, the foreigner, both pay, but our Paul literally gets it in the neck. Other countries do not fatten off their nationals or raise "obstructions, discriminations and artificial barriers" for their own nationals in the way Uncle Sam does for his citizens. Study this table of present visé charges, all of which, in European countries especially, were established after we raised our charges, and bear in mind that ordinarily visé charges before the United States raised its rates cost less than \$1.50 each:

Country	Passport charges	Visé charges to Americans
Great Britain	\$1.80	\$10.00
Germany	6.25	10.00
Italy	1.25	10.00
Spain	4.63	10.00
Sweden	2.00	10.00
Finland	2.00	10.00
France	3.00	5.00
Greece	3.20	5.00
Belgium	.60	...
Austria	.20	10.00
Romania	20.00	10.00
Poland	12.00	10.00
China	3.00	2.00
Japan	4.90	2.00
Switzerland	3.00	...
Argentina	3.00	2.60
Brazil	2.20	2.20
Colombia	10.00	2.00
Denmark	1.55	10.00
Mexico	...	...
Hungary	7.20	10.00
Peru	2.00	2.00
Holland	2.70	1.50

While Greece has been charging \$5 for visés on American passports, she decided last year to make the tourists' visé \$1.25, and efforts are being made to get the United States to reciprocate.

England had such an arrangement before the United States decided to exact \$10. England then charged \$2 for tourists' visés and a trifle more for permanent guests.

Switzerland, thriving on American tourists, has abolished charges on visés to Americans. Belgium no longer taxes the passports of many nationals.

The impression should not be gained that Uncle Sam raised his visé fees from purely mercenary motives. The happy thought was expressed in congressional hearings that the increase in fees would make it possible to increase the woefully inadequate salaries in the State Department, and realization that the financial burden would fall upon the alien who paid for the visés gave the prospect a rosier tinge in the minds of many congressmen. As a result of our increase, however, the traveling American was invited to contribute in larger measure to the treasuries of innumerable other nations, and the rosier tinge to him developed into a choleric red. Incidentally, the money was not used to increase any salaries in the State Department.

Our Government recently amended some of its minor visé regulations and charges, making it easier and less costly for aliens in transit through this country. Requests for reciprocity along similar lines have already been made to foreign governments.

It must be noted here that the United States has an \$8 head tax upon immigrants, but this tax arouses no enmity upon the part of foreign governments, which realize that we have an immigration problem peculiar to ourselves. It needs no diplomat to realize that there is no American emigration, in fact, we have the word of numerous foreign purveyors to American tastes and desires that an American emigrant has never been seen in European watering places. Such head taxes as

exist abroad therefore are unofficial and applied by foreign restaurant and hotel keepers directly to Americans in a purely personal and direct manner.

Inasmuch as certain foreign countries enjoying a large American tourist trade are making efforts to reduce official charges, the suggestion has been made that we might well have a short-time passport for the benefit of foreigners visiting this country for a short space of time. Likewise the suggestion has been made that our own Government, for the benefit of students, school teachers and those upon whom official charges bear heavily, might, in stimulation of intellectual pursuits, issue a short-term passport, at low costs, which could not be extended.

There is before the present session of Congress a bill which calls for a reduction of fees for passports from \$10 to \$5, an increase in their time of validity from two to ten years, with a \$2 charge, however, for each two-year renewal. This would make a total charge of \$13 as against the present cost of \$50.

In this bill (H. R. 12235—Mr. Mills) we find recognition of the fact that there is a responsiveness to the demands of American business that it be allowed to develop a foreign market upon a basis of equality and in "an atmosphere free of obstructions, discriminations and artificial barriers." However appropriate passport and visé requirements may have been in war times, they are now a hindrance to commerce, and, in the case of our own nationals, a constant source of expense and vexations to which no other nationals are subject.

At the last annual meeting of the Chamber of Commerce of the United States, held in May, 1922, the delegates present unanimously endorsed a request that our Government, as promptly as possible, should enter into agreements with foreign governments for reciprocal discontinuance of visé requirements, and, when conditions warrant, the complete discontinuance of passport requirements.

## Business and Human Beings

By FRED C. KELLY



**W**ITHIN the last score of years has come a noteworthy growth of great institutions whose purpose is to take much of the adventure out of life. I refer to trust companies. One of the chief purposes of trust companies is to handle estates, and by careful management to prevent large blocks of inherited wealth from disintegrating. In the old days when a young man inherited a large sum of money and was thus left without sufficient incentive to go forth in search of fame and fortune, there was always the chance that the administrator of the estate, or his guardian, might prove to be foolish or dishonest and that the fortune might be dissipated.

Today most great inheritances are handled, at least partly, by some great trust company and handled so carefully that it is almost

sure to be preserved even unto the second or third generation, regardless of whether the owner is intelligent or idiotic. Thus every year we shall find more and more persons who have no need of hustling to make a living and who are destined never to know the joy of making good on their own account. I don't pretend to know what the result of this is going to be. I simply mention it as a development of modern business conditions. Thousands of wealthy persons do not even take the responsibility or bother of clipping off their coupons but have this done by the trust companies.

"Nothing, in my opinion," a great banker once told me, "injures a man's credit rating more than having a reputation as a liar. Every banker is gun-shy of liars. We had a certain man come in our bank one day seeking a loan, and his account promised to be of such consequence that he appeared to be well worth while as a customer. He submitted a proposition which investigation proved to contain several ingeniously hidden bits of misrepresentation. These were brought to his attention, and he promptly agreed to remedy any defects in the proposed negotiation. But we did not enter into any deal with him. We did not wish to have



him as a customer. You see, he had tried to fool us and failed that time, but sooner or later he would fool us."

"We are almost equally reluctant to deal with the man who is oversecretive about his business. A man should select a banker in whom he has confidence and then make a business ally of him. If he cannot do this with the banker who now has his account, he ought to make a change."

"For a year or two we had among our customers a man of large interests, who continually showed a great disinclination about telling our officers the full facts they desired to know about his business—facts that any bank would be entitled to know before making a big loan. The man was just as secretive at the end of a year as when he first began to deal with us. I finally told him that his lack of confidence in us had inspired in us a lack of confidence in him. Neither in us was happy in the relationship and it would be better if he did his banking elsewhere."

A famous farm agency got an inquiry from a woman and, though they did not then sell her a farm, put her name on their mailing list. For ten years they regularly sent her farm circulars. Early in the eleventh year she came in one day and bought a farm. This does not necessarily prove that all names on a mailing list should be retained for ten years. Indeed I do not know just what it does prove, unless it is that you never can tell. Also, when a person gets the farm idea it may remain a long time.

About two years ago I went to call on a famous business executive and was informed that he was so busy that he was obliged to make appointments three and four weeks ahead. I immediately decided that if he were that kind of fellow he would eventually blow up. Sure enough he did. Just recently he was forced to resign in the nick of time to make way for a better manager who might steer the concern away from the rocks.

No great executive is ever very busy. He is able to delegate most of his work to others.

Beware of the man who is making appointments three weeks ahead.

People are always attracted by other people. If a bright light in front of a shop window makes human moths look, the crowd thus drawn attracts still others. Half the people



who stroll along Broadway at night are there because they know they will see large crowds of other strollers.

Not long ago a Cleveland bank moved into new quarters. Their new lobby is so large that it would do for a skating rink. To many this looked like a terrible waste of space. But this large oasis of space in a congested section soon began to attract people. It was a convenient place to meet for brief business appointments. As people got into the habit of using it for a meeting place, the crowds themselves made it an interesting place to go. You might see almost anybody you knew. In other words, that bank lobby became an important center. As people came more and more to meet there, naturally there was a big increase in deposits and dealings at that bank.

The bank's business grew more than in many years. That big lobby is believed to be part of the answer.

How few industrial stocks may be regarded as a safe permanent investment. Scarcely a dozen years ago a certain interurban electric railway in Ohio was looked upon as an ideal investment for combining security with a substantial return. The road was conservatively financed, carefully managed, and paid 8 per cent. Profits were constantly increasing.

Then came better highways, cheaper Fords,

automobile busses, and now scarcely anybody rides on those interurban cars. They have great difficulty in meeting their operating expenses. Unless they can develop enough freight business, which seems doubtful, in the face of motor truck competition, they might as well pull up their rails and quit. Yet this change was not due in the slightest degree to bad management but simply to changing conditions.

I can recall also when one of the most profitable business enterprises in the middle west was a line of passenger boats operating on the Great Lakes. But the practice of taking one's vacation in an automobile has become prevalent. Came also the La Follette Seamen's Act, which greatly increased the cost of operating Great Lakes passenger boats. What can the steamship company do? Not much except scrap its boats and call it a day.

Now and then one runs across a business that is filled with brainy men and yet suffers a noticeable weakness because they are not well placed. The man who ought to be the chief auditor is, let us say, the purchasing agent, and he is so overcautious that he is never willing to buy, even when the market is right. Such overcautiousness in a buyer may be an expensive luxury. But a man with a natural sense of Scotch thrift might be an ideal auditor.

Any code of business or professional ethics that bars truthful advertising is probably poor ethics. Years ago it was not considered the proper thing for high-grade investment houses to advertise their offerings in stocks and bonds. But the shyster houses went ahead and advertised worthless securities, and since these were the only ones that many small investors heard about it was not difficult to sell them.

As soon as the better class of dealers began to advertise reliable bonds the menace of the other kind to gullible buyers became far less. Today the honest doctor is ordinarily barred by professional ethics from advertising. No wonder the charlatans who do advertise find so many victims. High-grade doctors by honest, intelligent advertising could put the others out of business.

# Queer Things in Credit Work

By ALBERT N. HOGG

Vice-President, Corn Exchange National Bank, Philadelphia

THINGS move quickly today, and that applies not only to things mechanical but also to everything that has to do with our economic welfare. It took 1,100 years to uncover the pious fraud perpetrated upon an unsuspecting world by a learned gentleman in Germany named Eginhard who wrote the life of the Emperor Charlemagne. His book was used as a text in many schools and colleges in this country and abroad, but it has remained for a great French scholar to prove conclusively that the greater part of this book is utterly incorrect. It is strongly suspected that the author, in order to incur favor with Charlemagne's son, gave the old gentleman a much better credit rating than he deserved.

Today we are sometimes called upon to get at the bottom of a man's credit rating in twenty-four hours, and credit machinery

must be well oiled and highly geared and always in condition to give very prompt and efficient service.

Probably one of the interesting phases of bank credit work is the development of the big from the little. It is astonishing how often little things—straws showing which way the wind blows—are indicative of very important factors in credit.

I had occasion to visit the foreign branch of one of our large export houses. Like all foreigners whom you meet on pleasant terms, the manager was very affable and anxious to please. His domestic life was apparently a model one, for I was a guest at his home and observed there nothing that was not most exemplary. During business hours he gave strict attention to business. All in all, there seemed to be no occasion for suspecting anything wrong about him.

One day I sat in his office, a casual observer, while he discussed the affairs of the branch with a superior from the home office.

It was then that I noticed an almost imperceptible change in the manner of the local manager. I became suddenly aware that he had a very voluble tongue and a shifty eye. That man, said I to myself, will bear watching, so I proceeded to look him up quietly on my own account. His record confirmed my suspicions. Today he is in jail for a protracted stay.

Of what value is the so-called hunch? Like a woman's intuition, it may be a poor substitute in business for matter-of-fact mental processes.

There was, for instance, the case of a new customer who, upon opening his account, made this rather unusual statement: "I don't care how you treat me, whether you give me



a loan or not; I just want to say that I won't close my account." It was not long before he secured a loan, but it was an account that, because of the peculiar way of introducing himself, I was inclined to keep a weather-eye on. He was a talkative party, long on promises and short on performance. The account went along without giving us any trouble. Finally, the business was liquidated and the loan paid off. In this case, at least, the so-called hunch did not work, and what I thought was a little straw which showed the way the wind blew was only a mental delusion.

There is the very reserved sort of person who surrounds himself with silence. The glamour of silence is sometimes misleading. One is inclined to think a very talkative individual is lacking in substance. By the same token, one might infer that the silent man had great reserve strength, but there is no rule that can really guide one in either case.

I was visiting a large sugar mill. The owner, a man in his thirties, was reputed to own a number of plantations, sugar mills, private railroads—in short, he seemed a wizard, the magic of whose touch brought into existence one vast sugar estate after another until he became one of the dominating factors in the industry. He financed his obligations largely by the use of bankers' acceptances, and in this particular mill I saw piled up thousands of bags of sugar, held in trust against acceptances financed in the United States. How he did it was a mystery, for it was accomplished without really tying himself down to any detailed statements of his financial position. His reluctance, indeed his refusal, to go into his affairs in detail, was really the weak feature of the risk. The fact that sufficient financial information was unavailable in itself condemned the risk to a banker. The man's manner of reserve and the wall of silence with which he surrounded himself was really only used to hide the things that would not stand the light of day.

The sequel is rather a startling commentary on this particular phase of credit analysis. Last year the papers contained an account of Señor Sugar Man's financial demise.

He disappeared over night, and left, according to reports, as a monument of his financial genius, obligations aggregating \$27,000,000.

Whoever heard of faith as a basis for credit? There are two kinds of faith, the blind faith that is really not faith at all but the ego of Canute, and the faith that is the base of intelligent planning and execution.

There was the man who did something first no matter how radical it might seem, and then, after the act was committed, called upon faith to save him. As a financier he was a very good manufacturer; mechanically he was a big man; in financial matters he was an infant. Discussing the future of his business, said I, "The policy of expanding your operations beyond the reasonable limits of your capital is very precarious."

"Oh," said he, "that don't trouble me in the least. Anything I do is bound to come out all right, and I don't mind telling you that I don't know how I am going to finance all this business and these plants I have been taking over, but they will be financed all right because I believe they will. It is all a matter of faith, only you must have sufficient faith."

### Two Kinds of Faith

HIS answer was a rude shock to a banker's idea of business finance, and is a sad commentary on the theory that faith without works will accomplish miracles, because this particular business was wrecked on the rocks of this man's financial incompetency.

But the other is a very different kind of faith. I recall the head of a very successful house stating that his firm never made a move of any importance without asking Divine guidance. "It may sound unusual," said he, "but that is the way we plan our business."

I knew a successful business man who was a devout Christian Scientist, and he applied the tenets of his faith in his everyday business and his everyday life. He held that his religion was really the guiding star to his success.

One would hardly expect spiritualism to play a part in business affairs, but I know of the case of one man, successful in his line, who said that he was directed by the spirits. How they spoke to him was not clearly explained, but he averred that he received their messages and they showed him the way not to material success only but to a contented and satisfied frame of mind.

"I never worry," said he, "because I know that the spirits will guide me, but," continued he, almost naively, "you must not try to lead the spirits; you must let them lead you."

Separating the wheat from the chaff in credit work is interesting, but it requires patience and is bound to create some enmities and misunderstandings. Constructive

suggestion very often is resented. There was a house dealing in a certain line of food-stuffs. Their advertising campaign was very good, but the quality of the advertising was in inverse ratio to the quality of the article advertised. Discussing the situation, said we frankly:

"Your advertising is making a big hit with the public, but it is reported that your goods are below standard and are not giving satisfaction. If that is so, will it not be necessary continually to increase your advertising expense in order to make up for loss in patronage? Will not such a policy be a losing one?"

### It All Affects Credit

OUR expression of opinion was resented but we did our duty. If that was treason he could make the most of it. What, you say, has this to do with credit? Well, anything having an important bearing on the success or failure of a business has a lot to do with credit. Besides, it is the business of credit men to help business. This particular house finally had to face the issue which, had it been faced at the time the above discussion took place, would have saved it a great deal of money.

Sometimes the shoe is on the other foot. Those of us who get afflicted with exaggerated ego are merely riding for a fall. If, through duty or inclination, we make it a practice to criticize or advise, we must be prepared to have others criticize us. One of my banking friends, who had graduated from the banking field to take up a position in a large industry, evidently thought that I needed a little constructive criticism, for one day he said to me, "I met Mr. So-and-So recently and he said to me, 'I don't think much of Hogg as a credit man; do you?'" Just what my friend replied I do not know. Perhaps he was of the same opinion.

I happened to know of the man who made the criticism. He succeeded his father at the head of a business established for many years. He became imbued with the idea that the family name reflected all that was high and mighty in the way of financial strength and business stability. He was a big man in a small town, and the reputation of his house locally had become almost a tradition, so he reached out for more worlds to conquer—effected a skeleton organization of a big consolidation in his line; had everything completed except the financing, concluding that there was nothing financially impossible with his name to give it prestige.

Unfortunately, he counted his chickens before they were hatched. The financial support he had blindly depended upon was not forthcoming. Here was a large consolidation effected, with everything ready to meet

One Successful Man Asserted that He Was Directed by Spirits





the needs of a great business but money. It was too late to dissolve the constituent parts of this organization—he had gone too far, and one day he woke up to find his plans in ruins and his personal fortune completely wiped out. The moral is obvious. Many concerns live only on their past reputations and, like the ostrich with its head in the sand, they are oblivious of danger until it is too late to save themselves.

One would hardly think that wit would turn the scales in favor of a borrower. The head of one of our successful business houses, the owner of a southern cotton mill, likes to relate this incident of his early career. He approached his bank for a loan. Responding to the president's request, he submitted a financial statement. After scanning it, the president shook his head doubtfully. Said he, "I don't see how we can accommodate you; you have not enough quick assets."

"Quick assets," retorted the other, "what do you mean by 'quick assets'? The spindles in that mill are the quickest assets I have. They make 50,000 revolutions a minute."

The president was amused by this reply, so much so that the customer got a badly needed loan, and he gives credit for that little bit of repartee as the turning point on his road to prosperity.

This same man, by the way, is a mighty good collector. He was advised that one of his customers was in imminent danger of failure. Time was of the essence, so he

proceeded on the theory that the early bird catches the worm and camped himself on his customer's doorstep before dawn. In order to give the situation a proper setting, he took a lantern along. The watchman of the mill, for it was a mill, opened the door to see what it was all about. That was just what Mr. Collector wanted—he wanted to get in that mill and he succeeded, to the discomfiture of the watchman and the astonishment of the proprietor when he arrived, for the latter had contemplated throwing up the sponge that very day, and the watchman had been given strict orders to let no one in, but before the sponge was thrown up the early morning caller had received payment in full.

Perhaps one of the most reassuring features of credit experience is the case of the man who has come back, paid off all his old obligations and started again with a clean slate. Is there any finer example of the high type of business character than he who, having suffered the stings and arrows of outrageous fortune, takes up the battle of life anew and, from a sense of honor and pride in his good name, assumes the payment of debts from which he has been legally discharged? What a striking contrast between this type and the one who deliberately uses the law to defraud his creditors! Sometimes the woman's touch is responsible for a man's standing regained.

A certain dealer in investment securities, having made a bad record in some question-

able operations, later became associated with a responsible party in another venture. The names of both appeared upon the door. Credit inquiries began coming in, but the one name was a blot upon the concern's standing. There was employed in the office a young woman with whom the questionable party became much enamored. This lady had a confidential position and, upon learning that the credit report upon the concern was unfavorable, sent for the author of the report.

"Why is it," said she, "that you do not recommend our firm?"

"We cannot," was the reply, "so long as the name of Mr. — appears upon the door and his association with the firm continues."

Thereupon she had a heart-to-heart talk with the cause of the criticism. "You cannot marry me," declared she, "until you clear your name of the old charges against it." Her lover squared his jaw, figuratively rolled up his sleeves and set to work. In a short time he paid off all the old debts, stood foursquare to the world and had his reward—he married the girl. Today he is an honored and successful member of the community, all of which is a tribute to the elevating influence of a good woman and an evidence of the latent sense of honor in men.

Would that every seeker of credit enshrine the principles of the following motto in his heart and make them a living force in building up his credit character:

Be honest, "trust in God, and keep your powder dry."

# Policing Our Foreign Trade

By ALAN G. GOLDSMITH

Chief, Western European Division, Department of Commerce

AN AMERICAN concern was selling pipe to a certain South American government. The first shipment aroused the enthusiasm and praise of engineers for its excellent quality, and the ire of our competitors for the same reason. Unfortunately there was a delay in the second shipment. The representative of a large and prosperous foreign country proceeded to the presidential mansion and called the attention of the executive to "the lack of interest shown by American concern to South American business." They had better cancel the order, opined the diplomat—and they did.

The other country got the business, "and the devil of it is," said my informant, "that we had a dollar diplomat aching for a chance to hold that business, but the firm wouldn't fight."

Our dollar diplomacy is picayunish compared to that of other countries, mainly because our business men don't make use of it. There's the rub. No wonder our foreign staffs are supposed to go to tea-dances—many of our business people don't give them anything better to do. A certain proportion of our citizens seems to think taxes paid for representation are a dead loss. Many also have much to say about Washington chair warmers and the tea drinkers of the Department of State and Commerce in Foreign Service. Furthermore, government assistance, paid for by taxes, is free to the individual, and we Americans are shy of something offered for nothing.

So many an American business man goes ahead on his own without using

the services the Government places at his disposal, and the foreigners who make a comfortable living from these gentlemen chuckle with glee.

A few months ago an American organization made a shipment of hardware to Spain. There was trouble on the tariff schedule because the firm had invoiced the goods under a specification calling for a much higher duty than that under which the goods should have been classified.

Now there is a Foreign Tariffs Division in the Department of Commerce that keeps in touch with the tariffs of all countries from Afghanistan to Zanzibar. Had our friends written to Washington they would have found out how to invoice their goods. But they did not know about this, so when the shipment arrived in Spain they were due to lose a few thousand dollars. Then they decided to send a representative to Spain to get the matter fixed up.

THE complaint against the American business man is that when he ventures into foreign trade, he is apt to take it for granted that he knows it all. He plunges into competition with men who have given the best part of their lifetimes to the export industry and then wonders why he can't win at another man's game.

The Government furnishes him guides, but he will not pause to ask the way. Here are some cases of the price he pays for wilfulness.

THE EDITOR.

We have an embassy in Madrid and a commercial attaché is attached to it for the purpose of fostering American Foreign Trade. The representative did not consult him, however. He found a charming Spaniard in a cafe who told him that the only way to fix this business was to grease the palms of a few customs officials, and he was the best little lubricating agent in the world. Why not sign a contract?

No sooner said than done. The American representative signed the papers and returned to the United States, proud at having executed his mission so successfully. Large sums went to Spain to lubricate, but for some reason the lubricant did not work. Nothing came back but requests for more patience and more money.

Suddenly the American firm saw a great light. Why not write to the Government? A letter was sent to the Department of Commerce and the American commercial attaché was notified. He got one of the best lawyers in Madrid on the job. Two days later the lawyer stepped into the commercial attaché's office and, with a flow of rich Castilian, threw the papers on the desk and the case to the four winds of Heaven. The American concern had not called off the shyster agent, and the lawyer had a narrow escape from disbarment when he took up his case with the higher authorities, who knew all about the so-called agent.

To make a long story short, the lubricating agent was finally closed out by the American firm, the experiment having cost them about 23,000



pesetas, and pesetas aren't rubles or even marks. Now the firm stands a chance to get some action with the help of an energetic commercial attaché, backed up by a two-fisted ambassador and assisted by a group of "chair-warmers" in Washington under one Herbert Hoover, Secretary of Commerce.

Of course this is just an incident in the day of a commercial attaché. After four or five of these cases he answers a few inquiries from firms which have been relayed through Washington, then he works up a questionnaire of about twenty-eight questions compiled by a trade association in the United States and relayed by a heartless commodity expert in Hoover's outfit. Then he makes a few notes for his monthly cable survey, which is published for such American business men who read it. Many Americans abroad realize that he knows a good deal about business in his territory, so he probably goes over problems with a half dozen or so during the day. Then, after a visit to the Customs or the Ministry of Finance to talk over some proposition for an American concern or for the Ambassador, he can, perhaps, go to his *thé dansant*. As a matter of fact he usually calls it a day and goes to bed.

Spain, incidentally, produced one of the cleverest little foreign agents on record. An American corporation was sending motor trucks on consignment over to him during the bright days of big exports after the war. Three large ones were enroute to him when the Spanish peseta broke and started on its downward path. The agent wired his American principals that he could not possibly effect sales at their price because of the increased cost in pesetas to the Spanish consumer. He was, however, a good sport and, just to show them he was no piker, offered to buy the trucks outright himself at a lower price, terms thirty days after delivery at Spanish port.

The Americans fell all over themselves to accept the offer. They immediately cabled acceptance, figuring the peseta would fall still more. They were right so far as that item was concerned. One little detail was overlooked, however. In case of a consignment shipment, the agent, if he omitted the small incidental of paying for the cars when he disposed of them, could be prosecuted for fraud. The goods were in trust. By accepting the agent's terms, and converting the transaction into a direct sale, they also accepted his credit arrangements and took the payment matter out of the criminal into the civil courts. He had plenty of arguments to fight them in a civil court.

They waited thirty days and did not get their cash. They haven't received a cent yet and probably won't. The Spaniard has enough technicalities to string the matter through civil court procedure forever. The trucks are pounding Spanish roads, the agent



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Along the docks at Callao, Peru

is sitting in his café, and the Americans are taking their loss. They know the ropes now by experience. They might have learned them before had they considered our dollar diplomacy.

### A Sad, Sad Story!

ONE day an executive of an American manufacturing concern arrived in Shanghai. He knew that dollar diplomats existed, so he went to the American commercial attaché and asked him for the name of a distributor to handle his goods. He was directed to an old, well-established American concern, which at once got down to brass tacks and put their cards on the table. They told him at what commission they could handle his line and exactly how they planned to tackle the problem. Finally they outlined in detail several new service features which they planned.

The executive listened. Then he went out shopping. In two days every foreign agent in Shanghai knew more about the American agency, its methods of doing business, its plans for the future, its costs and its principles, than it ever did before. The American soon found a foreign agency which gave him terms beyond anything the American group offered, of course on an exclusive agency basis.

He snapped it up, only to find later that his foreign Shanghai agent was the representative of a competing organization in his own country, and took the contract simply to keep the American goods out of the market. The American corporation was powerless to do anything. The contract prevented marketing the line through other agencies. So much for the advice of the commercial attaché.

The dollar diplomat is on the job. All he needs is confidence and support from his countrymen. Many Americans are using him, and he generally puts dollars into their pockets. A large group of American exporters still must learn to make use of him and the big force back of him, centered in Washington, D. C.

Another American manufacturing group had been getting satisfactory service from its agency in Japan, which was 100 per cent

American in personnel and capital. One bright day an offer was received for the exclusive agency in Japan from a native Japanese distributor. It was accompanied by a good initial order, conditional, of course, on throwing over the old American agency and taking on the Japanese.

The home concern could not resist the offer. With visions of ripe orders falling off figurative trees into their waiting hands, they put on the new agency and signed an ironbound, exclusive contract. The initial order was the only one they ever got. Their new Jap agency was a dummy organization controlled by a rival Japanese manufacturing concern which used the American product to demonstrate and then supplied the cheap imitation "Made in Japan."

One of our commercial attachés in Latin America has just reported that a native agency in his territory has developed one of the finest substitution systems thus far known to the Department of Commerce, and that organization has enough cases to fill a small library. This agent got an exclusive contract with a good American house on the basis of his general standing. The fact that he already represented a rival German concern was not apparently known to his American principals, or, if so, did not worry them—not when they signed the contract. It will probably cause them much mental anguish in a few weeks.

The contract did not carry a very large minimum sales clause. The South American agent took a fair-sized initial order and sold part of it. The rest of the line is now exposed in his show-rooms and he blithely takes his customers in, shows them the goods and tells them, "This is my general line. Don't buy these goods. I am getting in the same stuff from Germany in a few weeks much more cheaply and just as good."

Judging from the service some American firms have obtained at the hands of their foreign agents, the Tropic of Capricorn should pass through the United States. We have been the goats for every gold-brick scheme ever tried out abroad. One South American agent of an European automobile greatly feared competition in his territory from American moderately priced cars. To eliminate them was a problem. However, he was a fast little worker and his brain pan was functioning. Why run your feet off when you can use your head sitting down—was his motto.

He got after all American car manufacturers who might give him trouble and sewed up no less than twelve of them with exclusive contracts in his territory. Nobody else could sell any of these twelve American cars in his domain unless the manufacturer wanted to get into litigation with him for breach of contract. When he got his contracts he put them in his safe, sat down and let his customers come to him for cars—naturally his



foreign cars. He had eliminated all American competitors in one fell swoop. That was pretty clever business and quite a blow for American business men, supposed to be the cleverest in the world.

The sad part of it all is that the Government keeps commercial attachés in its embassies for the purpose of watching things of this kind. They can investigate all concerns and give information of just the type that would prevent these occurrences. Dollar diplomacy will get results if properly used.

A lovely case came up to the Commercial Laws Division of the Department of Commerce the other day. Had the chief of that division had any hair on the top of his head it would have been torn out by the roots. An American concern manufacturing hardware fittings wanted to establish exclusive agencies in Germany and France. The executive was persuaded by a silver-tongued European that the only way to go about this was to give him a contract and full power to act. The European, having marvelous contacts all over the two countries, would get agents for the poor benighted American firm they could never get in any other way.

He wandered to Europe with American dollars in his jeans and the traditional papers in his pocket. The firm was delighted when he got the exclusive agency for Germany with an old, well-established, conservative German house. Then the European agency promoter went after the French agency. He located a firm in Saarbrücken. Now Saarbrücken is not in France. It happens to be in the Saar Valley, and since the late unpleasantness it takes more than a Philadelphia lawyer to determine its status, its laws, its commercial regulations. A dollar diplomat has a pretty good idea of the situation.

When the smoke had cleared away and all signatures had been affixed, it developed that the European promoter had established two exclusive agencies in Germany, in violation of the original contract with the German concern, and there was no agency in France. Furthermore, when the American firm tried to communicate with the Saarbrücken "agent," the letters were returned as "un-

deliverable." Apparently he had decamped for parts unknown. Now the American commercial attaché in Berlin has a thick wad of papers in his pocket and is abrading shoe leather trying to get the matter straightened out.

### Things to Bear in Mind

IN many countries events move so rapidly that it takes a man on the job all the time to keep up with them. In some cases, however, there is ignorance on the part of Americans going into the foreign trade game even of old established rules and regulations. In certain South American countries, anyone can register a trade mark. There are a number of South American agents who register on their own account any foreign trade marks that they think might be valuable to them later. John Doe of Kokomo, Indiana, may be manufacturing a line of novelties with no view of South American exports whatever. Juan Roderiquez of Buenos Ayres sees the trade mark in an American trade paper and registers it in his own name. Five years from now John Smith may want to start shipping to the Argentine. He then has three options. He can buy his own trade mark back from the suave Juan or he can sell his product under an entirely different trade mark in Juan's country. Finally, he can make a deal with Juan, making him his exclusive agent forever. The trade mark is Juan's not John's, and under the law of the land the American is guilty of trade-mark infringement if he sells his own product over his own brand without Juan's consent.

A prominent American typewriter concern whose trade mark was pirated in this manner had to start an entirely new advertising campaign in South America. All their previous publicity in the United States was valueless in that section of Latin America, as they were not permitted by law to advertise their goods over their own well-established trade mark. Another American firm making automatic razor strops had to pay a thousand dollars to buy their own trade mark back from a South American brand

pirate. Fortunately for them he was a piker. He could have got more.

This is all known in Washington. The commercial attachés abroad are kept in touch with all the tricks of the trade. A little letter, addressed to the Department of Commerce will bring the information, and the commercial attachés are aching for a chance to get action for Americans, but they have to get the chance. One American salesman who got past the Americans in Buenos Ayres was arrested in Rosario, Argentina, and had his samples taken from him before he realized that he was breaking the law, having no provincial salesman's license. The astounding part of the matter was that he got that far.

When one realizes that in certain countries the regulations even go so far as to prescribe whether the consignment data on crates shall be painted or stenciled, and the government relieves the offenders of large quantities of American gold for violation of such provisions, it is surprising that the American exporter, just beginning, ever unreeels the red tape sufficiently to get business done. Furthermore, in many countries customs officials frequently get a percentage of the fines, and their interest in apprehending persons guilty of such heinous crimes as these is wonderfully stimulated thereby.

All in all, dollar diplomacy is a good proposition. More of it would be a better proposition. The Government is spending several hundred thousand dollars each year for the express purpose of keeping the American business man informed so that he can stay out of trouble abroad. The American firms long in the export business, with their foreign branches well established and their contacts made, do not need fundamental help, but even they can keep posted on up-to-date information from the Government, and, peculiarly enough, they use the service to an enormous extent. The smaller exporter, who has not these facilities of his own, needs them still more. It is good to remember Uncle Sam and his cohorts of dollar diplomats when in trouble. It is still better to use them first and keep out of trouble.

# Our Trade Abroad Toils Up

By CHAUNCEY DEPEW SNOW

*Manager, Foreign Commerce Department, Chamber of Commerce of the United States*

IN 1919 and in 1920 we were finding a receptive market for a wide variety of our merchandise in many parts of the world. The lid was off, after having been clamped on tight during the latter part of the war. Restrictions on exporting and importing were lifted and populations that had voluntarily or involuntarily done without during the war showed the relaxation of the tension by going on a sort of buying spree.

The speculator flourished. There was the speculative seller in the United States (and he was not confined to the United States) who saw unlimited possibilities in rolled oats in Greece, where rolled oats were comparatively unknown; who visualized the emancipated "Bolshies" clamoring for no end of silk shirts and silk hosiery. Food was almost literally "shot from guns" in countries that had no market remotely commensurate with the amount forwarded from the United States. "They turned the hose on Denmark," commented one textile trade paper at noting a sizeable return shipment of American socks

and stockings from Copenhagen. And, to complete the chain, there was the optimistic speculator buyer in many a foreign country, dazzled by the free buying he saw, who thought (or arrived at the conclusion without thinking) that the happy days had come and had come to stay, and that the more goods he could get hold of, the more money he would make.

There was also the cautious American exporter, who was pessimistic about what might happen; whose main troubles in recent years had been inability to get goods abroad in sufficient quantities to supply his regular customers, because of lack of shipping space, embargoes, or what not. This cautious exporter accordingly took advantage of every opportunity to ship—bound on not being caught with empty warehouse again.

The foreign exchanges went off. Trade depression, setting in in Japan in 1920, worked its way up and down and across the world. The buying spree let up and gave way to a bad case of "Katzenjammer." The demand

for American stuff in line after line stopped or violently decreased.

Here are two points worth special consideration in the present export situation, or at least the situation in the fiscal year 1921-1922. Our export trade, which never amounted to more than \$2,465,000,000 for any fiscal year before the war, reached \$8,111,000,000 for the year ending June 30, 1920, and then declined to a figure well above the maximum pre-war amount—\$3,770,000,000, our total exports for the fiscal year 1922. Before the war, our maximum imports amounted to \$1,893,000,000. For the fiscal year 1920 they topped \$5,200,000,000. For the fiscal year just ended they were \$2,600,000,000.

The recorded exports of 1919, 1920 and the early part of 1921 were in part the American goods bought and consumed abroad in the fiscal year 1921-1922. Purchases and consumption from June 30, 1921, to July 1, 1922, were as hand-to-mouth and as restricted in many lines as possible—times were hard.



But more American goods were being sold than the export figures show, they were being sold out of accumulated stocks abroad. One of the biggest machinery exporters in New York recently stated that his company had been doing a satisfactory selling business abroad for several months without turning in a single export declaration during the entire period.

Price decline also bore strikingly in this period. During the major portion of the fiscal year 1922 prices in many principal lines were much lower than during the preceding year. In June, 1921, the average export price of corn was 71 cents per bushel. By October the price had declined to 59.5 cents, after which, in common with many farm crops, an upward trend has brought corn back to about the same price as a year ago. Wheat sold in June, 1921, at \$1.58 per bushel, dropped to \$1.18 in November, and then rose to around \$1.40. Flour fell from \$7.15 to as low as \$5.35 and then came back to \$6.00.

### Ups and Downs of Bacon

THE export value of bacon in July, 1921, was 15.1 cents per pound. In November it was 13 cents, but it has staged a comeback during this spring. Lard began the year at 12.2 cents a pound, fell to 10.5 cents by January, and then rose to 12.2 cents a pound. Refined sugar fell from 5.3 cents to 3.3 cents and then began a slow upward trend, the May export value being 3.8 cents a pound.

Steel billets, ingots, and blooms carried an export value in May, 1921, of \$111.60 per ton, in June but \$47.60, falling to as low as \$27.55 in August, rising to \$54.38 in October and then declining to the low point of \$26.87 in March and rising to \$31.54 in May. Steel rails sold for \$51.90 in June of last year. By February they had dropped to \$35.53, jumped the next month to \$54.90, only to decline again to \$37.90. Refined copper pigs and ingots remained around 13 cents during the entire year.

Gasoline began the year at 20.7 cents a gallon, fell to 17.1 cents, and rose to 22.3 cents by May. Lubricating oil started at 30 cents and declined throughout the year, reaching as low as 20 cents in April.

Pitch pine boards began at \$31.45 per thousand board feet, rose to \$37.85 and fell to \$28.35. Oak boards dropped from \$82.08 to \$56.75 and rose to \$68.90.

Binder twine that sold for 16 cents a pound in June, 1921, sold for 9.9 cents in May, 1922. Hydraulic cement declined from \$3.83 to \$2.76 a barrel.

The cotton and woolen textiles line, on the other hand, showed steady gains. Unmanufactured cotton jumped from 11.3 cents a pound to 19.1 cents; duck cloths from 34.8 cents a yard to 40.8 cents. Unbleached cottons rose from 7.9 cents to 10.8 cents a yard. Wool cloths and dress goods valued at 9.7 cents a yard in June, 1921, sold for \$1.37 in May, 1922.

Cottonseed oil followed the textiles as did oil-cake and meal. Exports of leaf tobacco in June, 1921, were valued at 30 cents a pound. In February the value had reached 45.7 cents, falling again to 26.8 cents by May.

Among the imports raw silk jumped from \$5.34 to \$6.45 a pound; clothing wool from 11.1 cents to 24.5 cents a pound. Crude petroleum remained around 13 cents a gallon. Coffee went from 10.9 cents to 12.8 cents a pound.

Jute declined from \$119.67 a ton to \$52.55, rose to \$113.50 and then fell to \$70.42. Crude rubber which was selling at 15.2 cents in July, 1921, declined to 13.8 cents, rose

to 17.1 cents, and in May, 1922, sold again at 15.2 cents.

Look at the hill and valley chart. May, 1921, marked the lowest point reached for over five years and things got even worse than that until they reached the low mark of \$250,000,000 in the short month of February, 1922. At the end of this fiscal year, in June, 1922, the exports were about the same value as they were a year before, notwithstanding the tendency toward lower price levels in most of the important lines. The recession from the boom prices of the previous fiscal year account largely for the precipitous drop in both exports and imports pictured on the chart.

### When They Hit Bottom

AT the beginning of the fiscal year 1922 the lowest points were reached by the imports, \$178,000,000 in July, and \$179,000,000 in September. We will have to go back to October and November, 1916, to find as low import figures. In June of this year the value of imports was \$260,000,000, as against \$185,000,000 in June, 1921. The upward trend in the value of imports, in spite of lower prices and the Emergency Tariff, may be accounted for undoubtedly by the unnaturally heavy imports in a good many lines in anticipation of a high tariff. Sugar, molasses, flaxseed, hides and skins, copra, coconut oil, paper stock, wood pulp, chemicals generally, meats, cheese, printing paper, leaf tobacco, lumber are all showing increased imports in both value and quantity.

The effect on imports of the Emergency Tariff, which became operative on May 27, 1921, was marked. During the eleven months ending May 31—the latest date for which detailed figures are available—the imports of wheat amounted to 13,000,000 bushels as against 51,000,000 bushels entered the preceding year. Flour dropped from 1,400,000 to 555,000 barrels; peanuts from 44,000,000 to 7,000,000 pounds; rice from 86,000,000 to 70,000,000 pounds; corn from 6,000,000 to only 119,000 bushels; butter from 34,000,000 to 9,000,000 pounds; and clothing wool from 250,000,000 to 31,000,000 pounds; cattle from 325,000 to 141,000.

### Emergency Tariff Items

A FEW articles under the Emergency Tariff showed increased imports. Cane sugar imports jumped from 6,600,000,000 to 7,400,000,000 pounds, two-thirds of this enormous amount having been imported during the past three months. Leaf tobacco imports increased from 55,000,000 to 59,000,000 pounds; cheese from 15,000,000 to 30,000,000 pounds.

Notwithstanding the drop in prices and slackened demand for goods throughout the world, several customers of ours are holding up very well, as a comparison of the eleven months' figures of the fiscal years 1921 and 1922 indicates. Japan is the only country that shows actual increased exports, \$232,000,000 in 1922 as against \$172,000,000 in 1921. We also are finding a good market in Germany, owing to heavy shipments of cotton and other raw materials, and foodstuffs—\$322,000,000 in 1922, \$351,000,000 in 1921. Great Britain's trade fell off from \$1,227,000,000 to \$744,000,000, foodstuffs, cotton, and tobacco figuring largely in our exports. Exports to Ireland declined from \$34,000,000 to \$24,000,000. Our Chinese markets are holding well, the reduction in value of our exports to China being but from \$129,000,000 to \$90,000,000; to Hongkong from \$21,000,000 to \$18,000,000. Even

Turkey in Europe shows up well, \$19,000,000 to \$17,000,000.

There is a halfway class in our customers—those markets showing a decline of 50 per cent, or thereabouts—good markets but not buying for various reasons. Chief among these are Belgium, Denmark, France, Netherlands, Spain, Mexico and Australia.

Our export trade with some of our former best customers is 'way off this past year. The drop in Cuban sugar at the same time dropped her buying power—from \$391,000,000 down to \$104,000,000 for eleven months. All South America shows a woeful drop. Brazil's coffee fell in price—and our exports fell from \$125,000,000 to \$34,000,000. Lack of demand for Argentina's wool and low prices for wheat, corn and hides probably caused our shipments to fall from \$193,000,000 to \$71,000,000. And so on all through South America.

Heavy losses also occurred elsewhere. Our export trade with Sweden dropped from \$73,000,000 to \$27,000,000; that with Switzerland from \$25,000,000 to \$5,000,000; New Zealand from \$46,000,000 to \$16,000,000; British India, \$88,000,000 to \$32,000,000; Dutch East Indies, \$59,000,000 to \$7,000,000; Philippines, \$83,000,000 to \$35,000,000; Egypt, \$28,000,000 to \$9,000,000; British South Africa, \$46,000,000 to \$16,000,000; French Africa, \$28,000,000 to \$5,000,000; Portuguese Africa, \$9,000,000 to \$1,000,000.

### Cotton Comes Back

ONE of the features of our exports during the fiscal year ending June 30, 1922, is the return of our cotton trade. During eleven months of the fiscal year 1922 we exported 6,051,000 bales of cotton, as against 4,913,000 bales the previous year, an increase of 23 per cent. Half of this amount went to the United Kingdom (1,610,000 bales) and Germany (1,485,000 bales).

Canada, Germany, United Kingdom and the Netherlands participated in heavy buying of American cotton. These four countries bought 122,000,000 bushels out of a total unprecedented export of 165,000,000 bushels, worth \$108,000,000, double the value and nearly three times the amount shipped the previous year—all during eleven months.

We didn't export quite as much leaf tobacco this year as we did last, 422,000,000 pounds against 450,000,000. As usual more than a third was taken by the United Kingdom.

Our wheat exports fell off, too, 194,000,000 bushels against 268,000,000 bushels for eleven months of 1921. Flour gained a little, exports being 14,800,000 barrels in 1922; 14,600,000 barrels in 1921.

Half of our exported gasoline (497,000,000 gallons in 1922; 604,000,000 in 1921) went to France and the United Kingdom.

Of course most of our bituminous coal goes to Canada, but the shipments show a severe decline, especially in recent months.

Copper is one of our bright spots in exports, registering a big gain both in quantity and value. We exported during the eleven months of 1922, 619,000,000 pounds of refined copper valued at \$81,000,000 as against 409,000,000 pounds valued at \$67,000,000 the preceding fiscal year. The copper mines are closed no longer! Germany and France were the best buyers.

On the import side raw silk maintains the lead, far outdistancing sugar, the price of the former having increased during the year while the price of the latter fell. Coffee has a strangle hold on third place, with rubber, crude petroleum and cotton in fourth, fifth and sixth places. For the eleven



months of the present fiscal year every one of these commodities except coffee registers a distinct gain in quantity imported as compared with eleven months of 1921, and even coffee imports almost made it.

Exports holding up well are oats, barley, sugar, corn, rosin, caustic soda, starch, lead pigs, prunes, crude petroleum, cotton and cotton cloth, upper leather, lumber and black steel sheets.

Exports showing distinct losses are coal, cattle, automobiles, structural iron and steel, malt, potatoes, rye, iron pipes and fittings, wheat, refined mineral oils, cement, iron and steel bars, wire and tin plate.

Imports gaining during the past year are silk, sugar, coal, rubber, cotton, paper stock, tin, steel ingots and blooms, cork, wood pulp.

Heavy losses were sustained by wheat, nitrate of soda, lead, manganese, flour, sisal, jute, manila fiber, chromic ore, wool, cabinet woods and leather gloves.

A number of rather striking features are brought to light by an examination of the monthly statistics of our foreign commerce.

During the month of July, at the beginning of the fiscal year 1922, our imports amounted to only \$178,000,000, the lowest recorded during the year.

In August the exports of wheat totaled \$8,500,000 bushels, valued at \$81,000,000, the greatest quantity shipped in any one month from the United States during the last ten years. During this month our imports of gold were \$85,000,000 of which \$35,000,000 came from France, both amounts high-water marks for this fiscal year. Our exports to Germany during August were valued at \$40,000,000, the largest during the year.

During September Germany sent us \$13,500,000 in gold, the total gold from that

country during eleven months of the fiscal year amounting to \$19,000,000.

October saw the largest exports of American cotton, 875,000 bales, weighing 452,000,000 pounds and valued at \$91,000,000. During this month exports of cotton to Germany amounted to 54 per cent of our exports to that country.

Imports of raw silk during December amounted to 5,824,000 pounds, valued at \$38,000,000. Though this was the largest amount imported during the eleven months, the August total of 5,115,000 pounds was a close second.

#### When Exports Were Lowest

FEBRUARY not only marks the lowest total export recorded during the July-May period, \$251,000,000, but also the lowest excess of exports since September, 1914, \$35,000,000. In February also began the heavy spring imports of sugar.

In March the largest exports of corn ever made in a single month, 22,668,000 bushels, valued at \$15,753,000, were sent overseas. The largest imports of sugar during eleven months, 1,281,000,000 pounds, came in in March, as also the largest imports of wool, 43,800,000 pounds, and the heaviest imports of coconut oil, 33,000,000 pounds. All three items are affected by the Emergency Tariff and by the proposed high tariff. Of the March imports of wool Chinese and Uruguayan wool represented 19,000,000 pounds.

Imports of Argentine wool in April amounted to 6,200,000 pounds, while that from Australasia was 12,000,000 pounds, the greatest amounts of these wools received during the eleven months.

May holds the high record, during the eleven months, for imports of crude petroleum, 589,000,000 gallons, although March

was not far behind with 588,000,000 gallons. Exports of iron and steel, during May, were the largest since February, 1921. Japan took 38 per cent of the total tonnage.

It is noteworthy that during the four consecutive months, February, March, April, and May, imports from Germany were at the highest during the eleven months, being \$8,900,000, \$9,600,000, \$8,400,000 and \$8,500,000, respectively.

The total figures for June showed an encouraging increase in exports, and the figures for the imports likewise held to the upward tendency which began last fall. The difference in the monthly average and the June figures, however, is not so great as to change the general impression made by the figures for the eleven months ending May 31.

One of the stock arguments for export trade is that the sun is always shining somewhere on the old earth. It's the don't-put-all-your-eggs-in-one-basket idea. If the weather is rotten in one place and they're having labor troubles in another, and war or revolution in another, and pestilence and famine in another, etc.—there are still this place, and that place, and the other place where the crops are good, the population is increasing, peace and prosperity smile on the face of the land—and there's where you can be doing business if the world is your field! There's ordinarily a great deal of force in that, but during this period under review it would be a hard job for the economic cartographer to locate enough white spots on his world map of economic and business conditions to enable many business men to think that putting their eggs in those particular foreign baskets would help them.

The whole wide world has been feeling this particular depression.

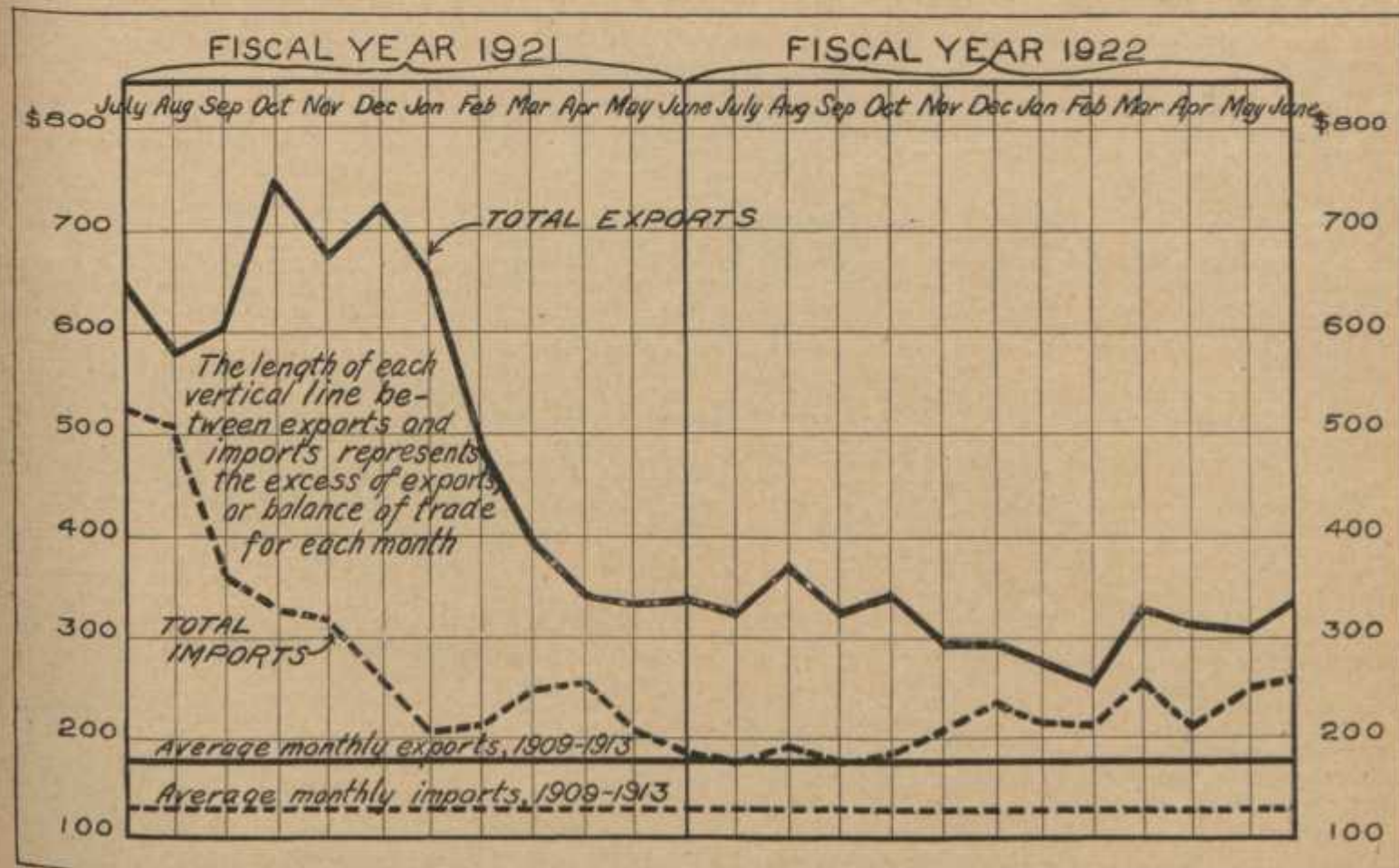


Chart prepared by I. I. Denison, Foreign Commerce Department, United States Chamber of Commerce

Trend of Exports and Imports: Figures are in Millions of Dollars



# Why Go Back on the Power Laws?

By O. C. MERRILL

*Executive Secretary, Federal Power Commission*

IS THE Federal Water Power Act to be repealed piecemeal? Are its essential principles to be scrapped? These are questions which must soon have an answer, for efforts are being made in several directions—notably in the case of the Tennessee River at Muscle Shoals—to secure for certain power sites and certain streams special legislation which would constitute, if approved, a virtual repeal of the Federal Water Power Act in so far as such sites and streams are concerned.

The success of such efforts would mean progressive disintegration of what has rightfully been assumed to be a fixed national policy with respect to water-power development—a policy declared by Congress in unmistakable terms in the Federal Water Power Act of 1920, an act under which more power projects are under construction than ever before in our history.

Has the act failed; did Congress make a mistake in its declaration of policy; or is it a question merely of effort to circumvent the law? A brief review of the situation which existed before the act was passed, of the principles upon which it is based, and of the results accomplished in its administration, may give the answer.

## The Government Policy

FROM our earliest history our rivers have been utilized for the development of water power. If they were non-navigable and no lands or other properties of the United States were involved, no federal authorization was necessary for their use. In fact, it was the early policy of Congress to leave the regulation of navigable rivers, and, in large measure, their improvement, to the several states, and to acquiesce in the construction in such streams of whatever structures the state laws might authorize. A similar policy was first pursued with respect to the use of public lands for power purposes. Rights acquired by local laws or customs were afterward confirmed by Act of Congress. The earliest federal legislation assuming control over structures in navigable streams was passed in 1884, and the first legislation specifically authorizing the use of public lands for power purposes, in 1896. Although changes in the law were thereafter made from time to time, the law affecting public lands in existence when the Federal Water Power Act was passed had been enacted in 1901, and the law respecting navigable streams, in 1910.

The act of 1901 expressly limited the rights obtainable to mere revocable licenses, and even these rights were jeopardized by the possibility that the lands to which they applied might be patented to others. Authority was granted in the form of permits issued under general regulations prescribed by the executive departments. The act itself contained no expression of policy, and the regulations issued reflected the views of administrative officers and were subject to change at discretion. The possibility of change without recourse and the uncertainty of tenure made it difficult to secure capital for the expensive structures and machinery necessary in modern power development.

The act of 1910 expressed the general conditions under which rights on navigable rivers

THE NATION'S BUSINESS has already presented the arguments for and against the Ford proposal at Muscle Shoals from the standpoint of industry. Here is an argument from the standpoint of government. Are we playing false to a principle which took years of hard fighting to establish? Constantly the Federal Power Act is being attacked by men who seek by legislation to take their pet project out from under its provisions. Is the Ford proposal on a par with this? Mr. Merrill gives an answer.

THE EDITOR.

could be secured. The grant itself required in each instance a special act of Congress. The general act did, however, set forth certain principles. Grants were limited to fifty years, provision was made for reimbursement for costs of investigation and for benefits from headwater improvements, plans must be approved by federal authority, and the construction of locks or other navigation facilities might be required. The possibility, however, that the grantee might be required, some time in the future, to undertake at his own expense navigation improvements of unknown character and cost, the failure of the act to make any provision for disposition of the properties or extensions of the grant on termination, and the reserved right to alter or repeal any special act at any time without recourse in the grantee or liability in the United States, again made financing all but impossible.

As time passed, the failure of existing legislation to meet the situation became more and more apparent. Only some 800,000 horsepower, largely extensions of existing projects, had been constructed on the public lands and reservations under the Act of 1901, and some 500,000 horsepower upon navigable streams under the provisions of special and general legislation. Of the latter amount, only 63,300 horsepower had been developed in ten years under and following the act of 1910. Eighty-five per cent of the nation's potential water-power resources were under federal jurisdiction, and yet scarcely more than 15 per cent of existing developments had made use of sites under government control. The administration of water power was handled by three independent departments: by the Department of Agriculture on the national forests, by the Department of the Interior on the remaining public lands, and by the Department of War on navigable streams. There was little attempt to coordinate administration or to formulate a common policy.

The decade between 1910 and 1920, though it witnessed little development and no new water-power legislation of consequence, was nevertheless a period of active discussion of the fundamentals of a national water-power policy. In Congress there was scarcely a session when bills representing some aspect of the problem were not introduced and dis-

cussed. Several bills passed one house of Congress only to fail in the other. At the beginning of the second session of the Sixty-fifth Congress in January, 1918, a bill was introduced which dealt in a single measure with all water powers under federal jurisdiction, proposed a set of principles to be made generally applicable, and provided for a single executive agency for their administration. This bill was before Congress continuously for two years, was extensively debated in both the House and the Senate, and was passed without any essential modification by a vote of 45 to 21 in the Senate and of 259 to 30 in the House.

This Federal Water Power Act sets forth the broad outlines of a national policy for the development and use of a great national resource, and it establishes, between those who develop the resource and the public whom they serve, principles of relationship that are certain to exert an influence far beyond the scope of the act itself.

The fundamental provisions of the act may be summarized as follows:

1. Permanent public ownership and control of power sites on lands of the United States and of power privileges in navigable and international streams.
2. Development of such power sites and power privileges by private capital under public supervision and regulation.
3. Authority for such development to be given in the form of licenses limited to fifty years' duration, unalterable for their term, and issued at the discretion of the administrative authority.
4. At the expiration of the license the United States to have the option of acquiring the properties of the licensee for its own use, of requiring their transfer to another, or of issuing under the terms of then existing law a new license to the original licensee.
5. If the properties are taken over by the United States or transferred to another licensee, the original licensee to be granted adequate compensation for the properties taken.
6. No capitalization for purposes of rate making or of public purchase of licensed properties, tangible or intangible, in excess of the investment therein.
7. Compensation to be made for rights granted, and for the use of lands or other properties of the United States.
8. Profit-sharing with the public of earnings in excess of a reasonable return on the investment.
9. Plans of projects to be so drawn as to provide for, or to be adapted to, a comprehensive scheme of development of the resources of the region for all beneficial public purposes.
10. A common policy and a single executive agency in the administration of all water powers under Federal control.

## The Men in Charge

THE act is administered by the Federal Power Commission, composed of the Secretaries of War, Interior and Agriculture, chosen because of their official relations to navigable waters, public lands and national forests, respectively. The work of the commission is handled in part by a staff in charge of an executive secretary and in part by the three departments, which supply the personnel of the commission's staff and perform all its field work.

In order to retain ownership of sites valu-



able for power purposes, the act provides that any lands of the United States included in an application for a power project shall thereby become automatically withdrawn from any other form of disposition until the commission or Congress shall direct otherwise.

The United States retains permanent ownership of those power sites on public lands which have obvious power value and reserves in the sites disposed of, and a right of reentry if they should be needed for power purposes in the future.

#### Guarding the Public Rights

THE commission is authorized to issue permits and licenses upon applications therefor and at its discretion. Permits are limited to three years and are issued to enable applicants to maintain priorities while securing the data and preparing the plans upon which the commission may determine whether license should be granted. They give no authority to construct beyond what may be necessary to comply with state law and are not transferable. Licenses authorize construction, maintenance and operation and are limited to fifty years. Discretion to accept or reject applications is reserved in order that rights may not be acquired by those who cannot show ability and intent to prosecute their projects to early completion.

In addition to the possibility that conditions might be changed during the period of the grant, earlier laws made no provision for the disposition of the properties when the grant expired. If it is desirable in the public interest that grants be limited in time so as to leave to future generations the right to dispose of them in a manner consistent with the needs and the policies which may meantime have developed, it is equally desirable that a clear definition shall be had of the rights of those whose investments have produced the properties to be disposed of.

By the terms of the act the United States, when a license expires, may acquire the properties itself for governmental purposes, or may issue a license to a new licensee, or may issue a new license to the original licensee. If the properties are taken over, the licensee is to be paid his "net investment" therein, not to exceed fair value, plus such damages, if any, as

may be caused by the severance of property taken from property not taken. In so far, therefore, as the Federal Water Power Act is concerned, full recognition is given to every dollar of honest investment, but to no more.

While the act makes provision for power development by states and municipalities and gives to these agencies preference over competing private applicants when the plans are equally well adapted to make full utilization of the site, the act was drawn with private development primarily in view. For this reason it makes clear provision for the supervision and regulation of such development. It requires that the works be designed with due regard to safety and economy, that they be maintained in full operating efficiency, and that all necessary renewals and replacements be made.

The act provides for public regulation of rates, service and securities, either by the commission or by state agencies. The commission has jurisdiction in intrastate business if the state has not provided an agency of its own, and in interstate business if the states concerned are not able to act or cannot agree. The act thus recognizes that such regulation is primarily a matter of local concern and can best be exercised by local agencies, but it reserves in the commission a jurisdiction which may be exercised if the need arises.

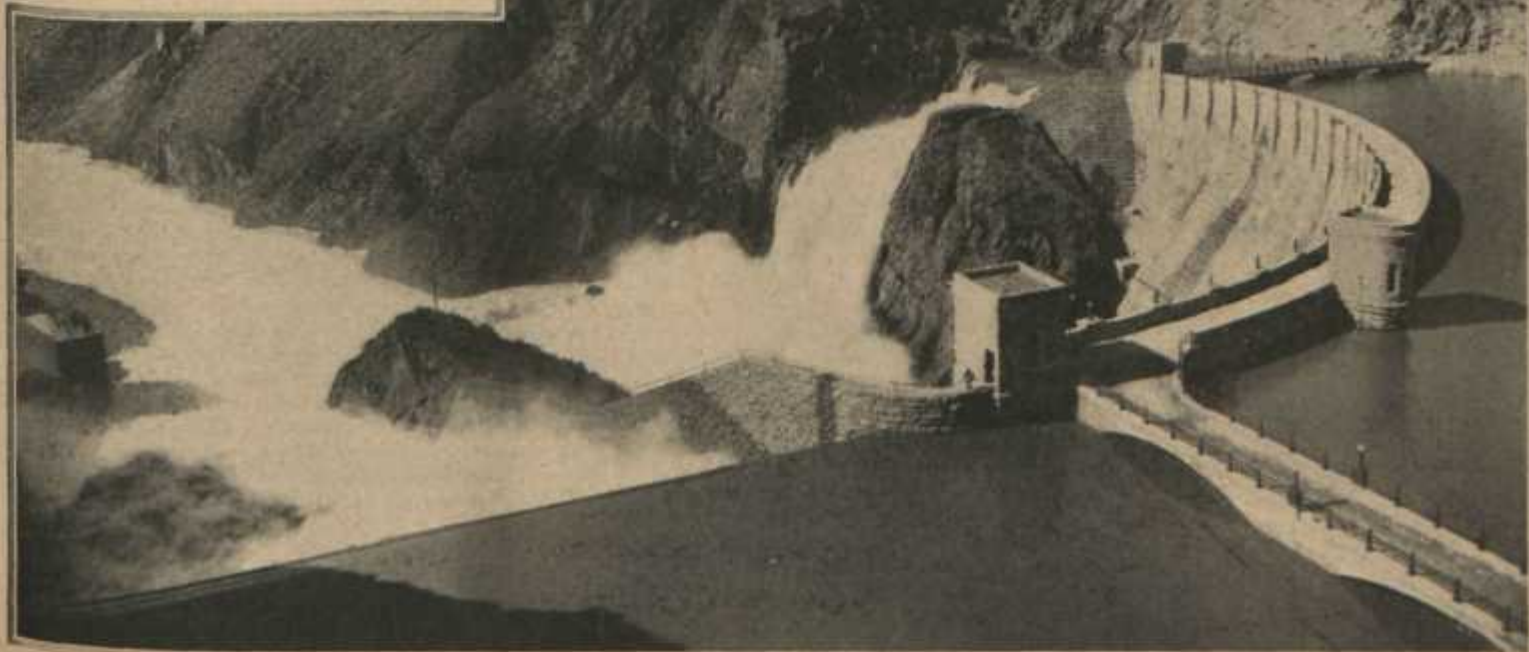
The act provides that in any valuation of property for purposes of rate making, no values shall be claimed by the licensee or allowed by the commission in excess of the "net investment" in the properties. The chief difficulty in present-day utility regulation consists in determining property values. By the provision of a base which will be currently

determined from the accounts of the licensee, the procedure of rate regulation may be greatly simplified, and a base be employed which is fair both to the investor and to the public and which will not be subject to violent fluctuations with changing price levels such as we have witnessed in the last few years.

Many of the power sites in public ownership or control are, on account of opportunity for cheap power development, of great commercial value. These values may be preserved for the public benefit in either one of two ways: by collecting charges which will absorb such values or by permitting the values to be reflected in lower rates to the consumer. The Federal Power Commission is following the second course.

In the handling of our natural resources in timber, coal, oil and gas, the practice has been all too prevalent of taking only the most accessible and most cheaply developed, and of either destroying the remainder or leaving it in such condition that it cannot be economically utilized. Such a practice with respect to water powers is forbidden by the Federal Water Power Act. The commission is directed to require that the plans for projects which it approves shall be so drawn as to be "best adapted to a comprehensive scheme of improvement and utilization for the purposes of navigation, of water-power development and of other beneficial public uses." Projects which propose only a partial development of a site will not be approved, and those which affect one of a series of sites on a stream must be so located and designed as not to interfere with the subsequent full economic development of the remaining sites. Wherever possible, with the

The Roosevelt Dam at Phoenix, Ariz., which collects the water for the Salt River Valley Project





force available, the commission is making an economic study of whole watersheds and of the relation between navigation, irrigation and power uses of the stream before issuing licenses for any individual project. It has already completed two such general surveys, one for the Des Chutes River in Oregon and the other for the Columbia River between Flathead Lake in Montana and the mouth of the Snake in Washington.

These, in brief, are the chief provisions of the Federal Water Power Act. That they protect every legitimate public interest in our water powers, I am confident. That they afford conditions under which capital may be secured for purposes of development is evidenced by the results accomplished in the two years in which the act has been in effect. In this time there have been filed with the commission 321 applications for permits or licenses, involving an aggregate estimated installation in excess of 20,000,000 horsepower. This amount is more than twice the existing water-power installation of the United States. It exceeds the combined potential water-power resources of Norway, Sweden, Finland and the Arctic and Baltic drainages of Russia—the chief water-power region of Europe. It is nearly twice the combined resources of France and Italy. It is more than six times the aggregate of all applications for power sites under federal control in the preceding twenty years.

Up to June 30, 1922, the commission had authorized 60 preliminary permits and 50 licenses, of which 19 were for transmission lines. The 58 permits now outstanding involve an estimated installation of 2,386,000 horsepower, and the 31 licenses for power projects, 1,932,000 horsepower, or a total of 4,318,000 horsepower. Of the projects covered by the 31 licenses, 17, involving an estimated installation when completed of 1,630,000 horsepower and investments of not less than \$200,000,000, were either completed or under construction at the close of the fiscal year. This is 25 per cent more than was constructed under federal authorization in the twenty years preceding the passage of the Federal Water Power Act.

As a practical result of the present law there is more water power now under construction than at any previous period in our history.

In this discussion of the provisions of the act, emphasis has been placed upon those features which were intended to protect the public interest; for it will be found, in all instances where it is proposed by special legislation to grant rights or authorities to special interests or special agencies independently of the Federal Water Power Act, that some or all of these essential features of the act have been omitted, even when there has not been substituted provisions in direct conflict with them. Furthermore, the granting of special privileges clearly discriminates against those who, in the faith that Congress had at last fixed its policy, are investing hundreds of millions of dollars under the obligations of the Federal Water Power Act.

The results already accomplished afford convincing evidence that the act has not failed and that grants of special privileges are not necessary to secure water-power development. Congress made no mistake in its declaration of policy in the Act of 1920, but it would be a mistake, and a serious mistake, to permit that policy to be essentially modified.

It must be concluded that the proposals for special legislation are simply attempts to circumvent the present law. If successful, they would discriminate against those who are operating under that law and would endanger the public interest, not only in

themselves but also in serving as precedents for similar action in the future. Having spent ten years in discussing and developing a national water-power policy and having written such a policy into legislation, it would

seem unwise, even though the act were not successful, to modify the policy, before it has had a full and fair trial. To proceed to modify it when it is proving a distinct success would be worse than unwise.

## "Bread Cast Upon the Waters"

By LAIRD ARCHER

**S**IGNS have appeared in the Near East which indicate that some of the bread we are casting upon Atlantic-Mediterranean waters may make the proverbial return trip. Nobody expected this to be—mainly because there was no return address on the bread.

Without anybody's authority, and with no trade agreements beforehand to excuse it to any of our well-known business competitors, the Levant seemingly has taken a trading fancy to the brand of American goods we are sending to the starving.

Warranted or not, definite indications have appeared during the recent tour of the Near East by Dr. Edwin E. Pratt, who is the managing director of the American Chamber of Commerce for the Levant in New York.

"When peace contri-

A Turkish Youngster  
Carrying Home American  
Supplies



representative for a certain flour mills company in our middle west. The company was among those which contributed several trainloads of flour for distribution through the Near East Relief last fall. The inquirer evidently was a well-educated foreign merchant of an alert, calculative type, quick at seeing an opportunity. He had the milling company's name and asked me to introduce him.

It appeared that bread made from the flour had aroused interest and that the Constantinople inquirer also had seen numbers of refugees wearing flour sacks. He thought, therefore, that the brand was becoming well known.

Now it was evident that the sacks were being used as clothes to cover nakedness and not to display the milling trademark. And, likewise, emptied food tins were being used for cups as a matter of necessity, not because of any forethought by the trade commissioners.

However, Doctor Pratt, after indicating that he also believed in clothing the refugees because they were naked and not for advertisement, pointed out that the return of the Boxer Indemnity to China by the United States some years ago was not intended as advertising either, but that ultimately some reaction from it in trade was as natural as a harvest in good season. The trade expert proceeded to analyze a philanthropy of older date in the Near East.

"All the money spent by Americans on Robert College is coming back to the United States," he said. "I frequently am meeting high-born Turks, Greeks, Bulgarians and Armenians who learned their English at Robert College. They have a certain number of American ideas, they know American merchandise, and they are prepared and willing to push American trade interests in the Near East."

"We have only to connect up this interest and the interest created by relief commodities with the markets at home to provide a basis

for profitable trade development. Developing the contacts altruistically established is no more than making the years of relief work count in the economic reconstruction of the country we have fed. In order to sell we must buy and the Near East will furnish us with many commodities which we shall take in good years and in bad."

He named tobacco of a kind which we do not grow, currants, figs, Egyptian cotton, raisins, various kinds of dried fruit, mohair, wool and licorice as some of the products of the Near East which would serve as a balance of exchange between it and the markets of the United States. The normal export trade from the Levant would total \$150,000,000, and Doctor Pratt estimated that the American trade with the Near East normally could be about the same.

I had pressed Doctor Pratt for an opinion, shortly after the Allies had fixed the terms for an armistice in the Near East and, at the moment, resumption of business seemed less far off. I suggested that the people at home, who were giving generously again in what we hoped was the last year of war famine in the Levant, would be interested in knowing what the after effects of this giving would be.

Doctor Pratt answered with a definite illustration. "Today," he said, "I was approached by a man who wanted to be near Eastern Rep-



# Science for the Common Good

By HARRISON E. HOWE

*Editor, Journal of Industrial and Engineering Chemistry*

**S**OMEONE has said that disliking a man is a pretty sure sign that we do not know him well enough. There are plenty of things to like in everyone if we only take the trouble to become well acquainted.

Of late, trade associations have come to our attention in a worse light than they deserve. Many folks conclude that all associations and all the activities of associations are undesirable. That these conclusions are wrong and show unfamiliarity with modern conditions is too obvious for extensive comment. Trade associations in their scientific work have performed a service for the public that has been too little appreciated.

The days of casual discovery have gone by for most industries. In general, the easy things have been found out and most of the underbrush cleared away, leaving only the giants of the forest for more systematic attack. The days of strict economy are here. We know that production costs are the sum of time and materials. Already many plans have been devised to conserve time, to check carefully and to make every moment count, but it does not pay to spend the time of expensive men upon designs or materials that are ill-suited to the purpose. Seconds are expensive and industry can no longer afford inefficiency in processes. The time has come when the saving of half a per cent here and there is a factor.

To put it another way, the industries are learning individually and collectively that in scientific methods and in the application of data learned in fundamental researches lies their most potent weapon in fighting losses involving materials. Science goes quite beyond this and strives not only to improve the process or find the better one but to seek cheaper raw materials or perfect substitutes and to minimize, eliminate or utilize waste. It often completely revolutionizes the industry, causes an organization to begin the manufacture of entirely new products, and frequently sends it off into ways of remuneration quite beyond the dream of the founders.

It has always been maintained that industries gain the greatest benefit from applied science when individual manufacturers establish their own research and control laboratories. When these scientific organizations are made an intimate, integral, internal part of the business establishment, are properly equipped and manned, and consistently supported, they become more important than the sales, advertising or many other departments. Thus, the great Hadfield Steel Works in England have actually become attached to the research and control laboratories, rather than the laboratories attached to the works.

But every industry finds it necessary to engage upon work in the field of fundamental or pure science from which are obtained the data necessary for technological or so-called practical work. These problems are common to all concerns in a given

branch of industry. It would be unfortunate if it were necessary for each corporation to determine these fundamental data independent of the others interested. Indeed, the expense involved in many instances would be too great to justify the stockholders of a single company meeting it if the work were done with sufficient thoroughness.

The data when once obtained can be applied by the various corporations in the group in the way best suited to their individual problems, and obviously the corporation best equipped with scientific men is in a position to gain the most from the new knowledge. Fundamental details, therefore, do not of themselves alter the relative position of competitors. It is the ability to apply the information obtained for the group in common that makes the difference between the success of rivals within the group.

An appreciation of these facts has led trade associations to engage upon programs of scientific research, and indeed some associations have been formed for no other purpose. In Great Britain it was seen that the great advantage gained early in the war by her adversaries was due largely to a thorough organization among scientific men and the confidence which the manufacturers of those countries had always had in science. Great Britain proceeded at once with the organization of her scientific resources and latterly encouraged various groups in industry to form research associations, toward the expenses of which the Government paid an amount equal to that provided by the manufacturers. In some instances the trades not only contributed funds but information as well, and one group actually agreed voluntarily to pool their so-called trade secrets.

In America it has seemed best for trade associations to conduct their scientific activities without the aid of government money, for with the use of public funds there always goes a certain amount of necessary control which may become irksome. Many of our trade associations have undertaken scientific work only after a long period of education, during which it has been demonstrated that even competitors can work harmoniously on a scientific program, provided only that the problems selected are fundamental to all,

There are a large number of trade associations in the United States. A great many of these have undertaken standardization or simplified practice. The United States Bureau of Standards has prepared a report in which it is noted that 102 trade associations are cooperating with the bureau. Thus, the Glass Container Association found 210 styles and sizes of prescription bottles alone. There has been no difficulty in reducing this to 20 without inconvenience or loss of business. The reduction of costs and improvement in trade conditions through standardization has been carried on in such industries as paint, paving-brick and paper, cement, clay products, and canning, automobiles, asphalt, and asbestos, brass, boilers, boxes and brick—just to mention a partial list. The variety of which there is a record indicates clearly that there are no limitations imposed by the nature of the business.

Nor is the size of the association a factor. The California Fruit Growers' Association is a cooperative, non-profit, non-capital stock corporation composed of 12,500 growers, while the Magnesia Association of America has never consisted of more than four members. It is interesting to note that these four manufacturers have undertaken to determine constants and engineering data relative to the proper use of 85 per cent magnesia as an insulating material. With these data at hand, the education of engineers, architects and plant owners to the importance of using insulating material in accordance with these constants has been pursued.

## The Amounts Are Not Known

**T**HE budget has varied from a minimum of \$20,000 annually to \$125,000. The secretary-treasurer of the association makes periodic audits of the books and accounts of the member companies, against whom a flat percentage tax is laid on the list price of the actual goods shipped. This official determines the amount of merchandise sent out during a given period, levies the tax, collects it, and pays the bills, all in a manner such that no one member knows the amount of the contribution or percentage of the whole business done by the other companies. The findings of the research of this association are given wide publicity, generally through the engineering and technical papers.

Before the California Fruit Growers' Exchange began their research work in cooperation with government bureaus, there was a great waste in that portion of the citrus fruit crop which for one reason or another cannot stand the long freight hauls to the eastern market. Today between 30 and 40 thousand tons of citrus fruits are consumed annually in the production of citric acid, lemon oil, orange oil and orange vinegar. The research laboratory, maintained at an average annual cost of \$12,500, has won an established place in the industry and of late, in addition to the development of methods for the conversion of the lower





grades of fruits into saleable products, has addressed itself to problems involving insecticides, fungicides and other phases of growing the crop, utilizing and transporting it. The funds are obtained by an assessment of a few cents per box on fruit marketed through the Exchange facilities, while at the end of three-year periods adjustments are made to cover the exact cost of operating the exchange without profit.

Among the most successful of the trade associations in research has been the National Canners' Association. The fees for membership are 1 per cent per case of canned goods manufactured. This tax supports the work of the secretary's office, commodity advertising and the general machinery of the association, besides the scientific work. This research goes back to the agricultural problems involved in the growing of canners' crops and continues through physiological research, such as the study of food poisoning. Chemistry, physics, bacteriology and engineering are brought to bear on production problems and new products, while during the canning season an inspection and production service is maintained. The inspection now self-imposed is in some respects more strict than that first suggested by the Government and to which at the time there was much objection.

The association has carried on extensive studies on such subjects as the relation between the thickness of tin plate to the keeping qualities of the canned material, the heat penetration of canned foods during processing, the relation of acidity, time and temperature in destroying bacteria, and the fundamental causes of certain types of discoloration sometimes found in canned goods. The association maintains its own laboratory, which cooperates with many others, and as conclusions are reached valuable publications are issued.

#### Research Through Fellowships

**T**HE National Fertilizer Association maintains a soil improvement committee which finds it advantageous to conduct its research through fellowships at various agricultural colleges.

The loss of life and property by preventable fire is one of the annual occurrences in America of which we should be ashamed. These losses would be much greater than they are but for the research that has been carried on by the National Board of Fire Underwriters. This association established the Underwriters' Laboratories in Chicago, with branches now in other cities. The principal laboratory represents an investment of above \$225,000 and 150 people are employed.

The American Malleable Castings Association realized some years ago that the considerable number of inferior castings then being made interfered decidedly with the development of the market for malleable castings. The association was far-sighted enough to form a research committee, equip a laboratory, secure a competent director and begin the work of improving the products of every member of the association. As a result, malleable castings have a reputation for high and uniform quality. For ten years this research has been in progress, during which time the average ultimate strength of the castings made by association members has been increased from 38,000 to 53,000 pounds, while the elongation has been raised from an average of 4 per cent to something over 15 per cent.

The association goes so far as to have its technical men visit member plants each month to inspect castings and see to it that those shipped are equivalent in quality to the test

bars submitted to the laboratory. When quality is found to be deteriorating, specialists proceed at once to the seat of the trouble, ascertain its cause, and endeavor to eliminate it.

The work of the research laboratory of the National Association of Corrugated and Fiber Box Manufacturers consists in designing fiber containers for various articles and then testing them. This test work is done in a large revolving drum, where a great variety of conditions can be obtained. An examination of the average car of parcel freight will indicate something of the problems involved. The annual loss in America due to improper or imperfect containers runs into millions. The work of this association has contributed greatly to the reduction in loss and damage in shipment, while at the same time the cost of containers has been reduced.

The American Gas Association is rendering very definite service to its member companies in engineering and on such problems as industrial fuel development, heating standards, the examination of fire appliances, and gas consuming devices. Service men in the field have been known to turn a loss into a profit by the checking of meters and the discovery of a number of small losses that are preventable.

The Asphalt Association concerns itself not only with the utilization of asphalt in paving, but with the chemical and physical factors involved in its application. In view of the large sums now being spent throughout the country on various types of street, alley and highway construction, it will be seen that studies upon improved designs for highways and the behavior of asphaltic types of pavement under various conditions of service are important.

An outstanding example of the utility of science to a long-established industry is to be found in the American Institute of Baking, which is one of the major activities of the American Baking Association. The institute began in a modest way upon the advice of leaders who had learned by experience what science could do for so old an industry.

The Association of Manufacturers of Chilled Car Wheels has for its purpose the advancement of knowledge concerning the manufacture and service of car and locomotive wheels. When the association was formed, every wheel maker had a special design of wheel. There were some 175 patterns, which have been reduced to four types designed for cars of different capacities. A consulting engineer is retained and a physical laboratory has been installed to further the work of the association.

The Portland Cement Association is another group active in scientific work. The Association maintains district offices to render service to the users of cement, and through a structural materials laboratory research of value to manufacturer and user alike has been forwarded. These studies have been directed toward the part played by the various components of concrete and cement, the influence upon strength of such factors as temperature and moisture during mixing and setting, and the part which excess water—a common evil—plays. Assistance has been rendered in designing standard structures and in devising uniform, rational construction practice.

Something more than 165 industries use lime, and it may be surprising to know that in so old a material as lime there is much need for investigation and research. The effort is to give the public better information on lime to the end that it may be used more accurately. The properties of materials

produced at different quarries and the use of different equipment is included in the scope of the work, which is divided into construction, agricultural, and the chemical field.

The American Petroleum Institute deals only with matters which are international or national in scope. The director of research has made a careful study of the principal problems confronting the producers and refiners of petroleum, and cooperation with various scientific bodies has been begun.

The Tanners' Council of the United States has recently reorganized its research laboratory and is proceeding with fundamental work on raw materials. The tanner works with exceedingly complex material and applies reagents which are themselves quite varied in their characteristics.

Another active group is the Laundry Owners' National Association. Much has been accomplished in a short time by the research department, which advises members regarding the best supplies to use from the standpoint of effect upon the goods treated, the quality of the work accomplished, and the net cost. A miniature laundry is an aid in the work and through the general improvement of laundry processes conservation of textiles has been accomplished and the number of claims has been substantially reduced. An engineering department has given attention to the fuel problem and in the future expects to study structural engineering, ventilation, design and layout of plants. The experience of the association in research has been so satisfactory that an American institute of laundering is about to be inaugurated.

The Southern Pine Association is supporting research through appropriations to scientific bodies with which states are cooperating to study the cut over lands problem and the best method of perpetuating forests of desirable species on those lands which are best set aside for forest purposes.

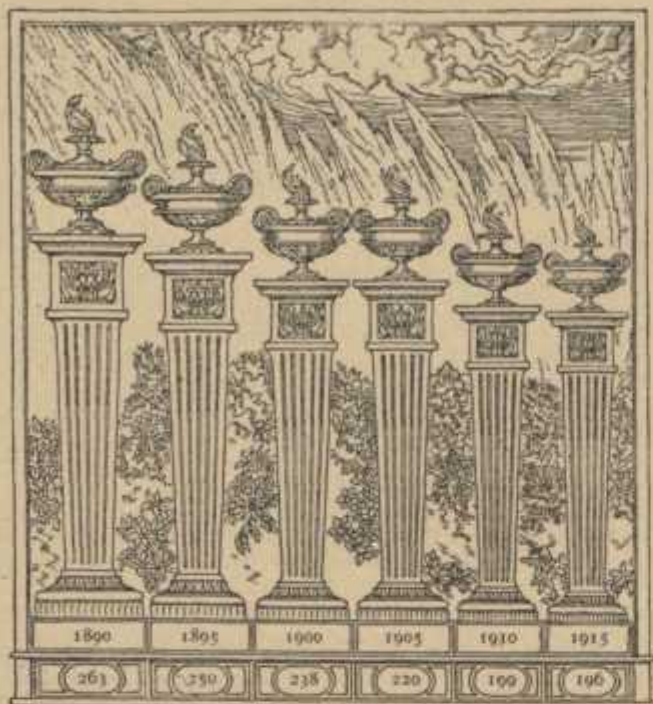
#### There Are Many Others

**O**NLY a few of the 35 or more associations engaged in research have been noted here. Several other important groups, originally brought together without regard to scientific work, are beginning to see the desirability of laying out a program for the good of the public and themselves. Thus, the Institute of American Meat Packers is working upon a plan to combine the activities of a research institute, an educational center, a trade association and an industrial museum. The achievements of scientific research in the packing industry have become classic and are often used to illustrate how exceedingly profitable research can be made in commerce. It is now recognized that there is extensive duplication of research with an undesirable limitation in individual plants to such lines as may be expected to return a quick profit. Fundamental research rarely, if ever, returns a quick profit, but it may easily prepare the way for great wealth.

The Institute of Margarin Manufacturers have on their calendar a study of what they may do in research, and may soon be added to the list of those who look upon such activities as one of their most important functions.

A great deal might be said concerning the plans followed by the various associations in raising the funds for research and the methods of conducting the work, but my purpose here has been to indicate in what a varied field and to what a great extent trade associations have adopted constructive scientific work as one of their principal activities, and to emphasize the fact that in such research there lies great potentialities, not alone for the association and its members but for the consumers.





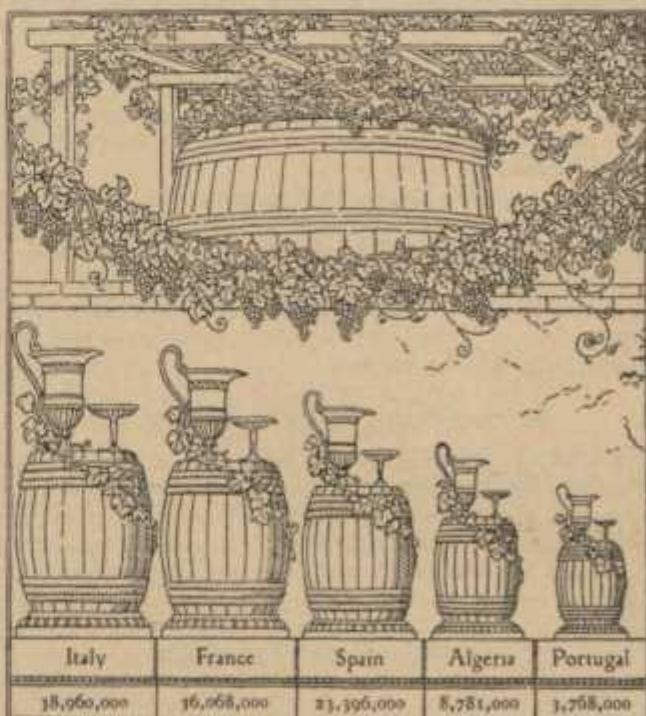
Italian vitality  
(Mortality per 10,000 inhabitants)



Agrarian population of Italy



Construction of aeroplane engines in Italy



Italy's predominance in the production of wine (given in hectolitres for 1916)

THE CREDITO ITALIANO, one of the largest Italian banks, has recently issued two very beautiful volumes on "The Economic Resources of Italy." We reproduce four of their graphic charts, selected not because of the importance of the subjects, but to show how the artistic-minded Italian sets out to visualize economic facts. Contrast them with the "pies" and "curves" that fill our industrial publications.





## "Prejudice" and the Federal Trade Commission

**WITHOUT PREJUDICE** is a phrase which sounds very well, but it is not always as efficacious as it sounds. It was used when the Federal Trade Commission, on July 25, announced it dismissed forty or more of its formal complaints because of the age they had attained while a test case was going through the federal courts.

There was not one of these formal complaints that did not bear a date at least two years old, and some of them had been entered in 1917. Delay of four and five years in bringing a case to decision comes pretty nearly being such a denial of justice as brought reproach upon certain courts of other days, from which a body, reaching decisions about unfair competition, is expected to be wholly distinct.

The commission's present explanation that out of a number of cases one was selected as a test case is scarcely adequate. The bringing of a test case and its decision should have preceded the issue of these forty-odd other formal complaints, which served only as bases for press notices from the commission. These press notices were certainly prejudicial. They contained statements about the commission's intention to discourage and oppose certain trade practices, before the Commission had heard the business concerns which were named and were said to have used them, and alleged such practices as misleading advertisements and arbitrary control over dealers. These statements have stood for three and four years, without a hearing of the business houses which were concerned.

"Without prejudice" in the announcement of July 25, may refer rather to the present commission's attitude than to what had happened in the past. There is reason to think this is the case. The commission's great opportunity for usefulness lies in dealing actually with unfair methods of competition in such a way as to line out, without prejudice, what is unfair in the multitudinous fields of commerce.

## Some Percentages in Misery

**PLAGUE AND PESTILENCE** have always followed in the path of economic disaster. According to official soviet statements, hospital accommodations in the Ukraine have decreased by 80 per cent, and cholera with a death rate of 60 per cent has been increasing. In the first part of this year the cases of typhus have increased by almost 60 per cent over the cases of last year.

## Baseball, a Civic Function

**IT TOOK** the Supreme Court of the United States to decide recently that baseball was not interstate commerce. But its importance as an intrastate industry has been made clear by the St. Louis Chamber of Commerce. To understand the story, one must know that not for years until this season have both St. Louis teams been threatened with championship honors. This year St. Louis has topped both lists and on the same day. Right with them, sometimes ahead, sometimes one step behind, have been the two New York teams.

The summer pulse of St. Louis beat higher and its temperature moved up with the St. Louis teams' records. Then a great wrong was perpetrated, a great wrong, that is, in the eyes of St. Louis. New York of the American League entered into a sordid business deal with Boston and acquired Joey Dugan.

St. Louis saw one pennant slipping from its fingers, but it would not let the wrong go unnoticed. The chamber of commerce rose to the occasion and, backed by the Rotary Club, it

voiced its protest to Judge Kenesaw Mountain Landis, baseball's supreme arbiter, and to the heads of both leagues.

But alas! baseball law and baseball justice did not go hand in hand. Judge Landis agreed that the deal was not fair. It was, he said, "like adding a handicap when the horses are coming down the stretch." But nothing could be done.

Joey Dugan is playing with New York and the Chamber of Commerce of St. Louis has officially noticed baseball.

## Bargain Days in British Shipyards

**SHIPBUILDING AT COST** is said to be the basis on which British yards are willing to work, in order to get orders. British owners of vessels, however, apparently do not find the offer so attractive as it sounds; for they declare that before they can place many orders for new steamers the cost of building must come down by 30 per cent. Seventy-five per cent of England's shipbuilding capacity is idle. Prospects seem to be brightening, however; for it is reported that inquiries which precede contracts for new boats are increasing.

## Correcting a Statement

**IT ISN'T** the union the open shop advocates oppose, it's the decent wages and working conditions the union secures for the wage earners."

This is the closing paragraph of an advertisement published in the *Louisville Evening Post* by the Trades Union Publicity Bureau of that city.

The first nine words are true and **THE NATION'S BUSINESS** agrees with every one of them. For the whole sentence we should substitute this:

"It isn't the union the open shop advocates oppose, nor the decent wages and working conditions the union secures for the wage earners. What the open shop advocates do oppose is the limitation of output, the denial of the right to work and the violence which the unions all too often encourage."

## The Railroad Labor Board and Its Powers

**THE RAILROAD LABOR BOARD** and its powers will apparently come before the Supreme Court next winter. In April, the federal district court at Chicago held that the board could take action in a matter involving revision of rules only if there had been a joint submission to it by a railroad and its employees after they had failed to agree in conferences of their own, and that the board could not make publication of any matter based on action taken by it before such a submission. This meant that the board could not, in the concrete case before the court, publish a statement condemning a railroad for not following the board's directions about the manner in which employees' representatives to confer with the road should be selected; for the board would have no jurisdiction with respect to any event preceding a joint submission of the case to it. Thus, the lower court sustained the position taken by the railroad.

In July, a decision on the appeal was handed down, reversing the lower court. In this new court decision no attention was given to the constitutionality of the law in so far as the law may make decisions of the board binding on railroads; for the court said the binding effect of a decision was not before it, as only preliminaries were involved in the case. The court said that when the Labor Board was created there was a nationwide controversy respecting rules, that this controversy was before the board, that the board could make such temporary orders concerning it as in its judgment the exigencies of the





case required, and that, as the board undoubtedly had power to determine, when a case reached it, whether or not the employees were represented before it, it was proper for the board to indicate how in its best judgment proper representation should be manifested and the election of representatives should be conducted. Whether or not employees of a road should be represented only by individuals who are in the employ of the railroad concerned—the central question in the whole matter—the court declined to say, declaring that it would not substitute its judgment for that of the Labor Board.

The Pennsylvania Railroad, which had taken the case to the courts, announced that it will appeal to the Supreme Court.

### On Buying in Germany

**PURCHASES IN GERMANY**, according to the British Board of Trade, should be made by a novice to the business through a first-class commission house. If a British purchaser acts directly, he is warned to avoid tempting offers from second-class German firms and to take precautions against any carelessness with regard to the German export license.

In drawing up a contract to purchase goods from Germany the British buyer is told to insist upon a definite date for delivery, upon a fixed price, security in the form of a guarantee of a first-class German bank for return of any installment of the price paid in advance in the event the contract is not fulfilled, the installment to be returned in British money at the rate of the day when it was paid, a guarantee that the German seller obtain the necessary export license within a stated period and an agreement to settle any controversy through arbitrators to be appointed by German and British chambers of commerce. The buyer is also told to be sure to obtain insurance in his own money from warehouse to warehouse.

### Jobs for the League

**THE FLIGHT OF CAPITAL** from countries where it is heavily assessed, loaded with double taxation, and otherwise placed at a disadvantage, presents problems which the Genoa conference asked the technical committee of the League of Nations to study. In June the Financial Committee of the League set to work, hoping to have at least an outline of a plan by August.

At the June meeting the Financial Committee had a lively debate over the respective merits of a policy of deflation of currency in Central European countries and a policy of devaluation of currencies. Apparently this debate reached no conclusion, but there was a determination to start inquiries into the best method of avoiding the difficulties of too rapid deflation while stabilizing currencies.

The financial and economic part of the league's machinery has before it a pretty big program in addition to the subjects of fleeing capital and inflated currencies—quite enough to constitute a program in themselves. Other questions are equitable treatment of commerce in all countries, unfair competition, and the plans for arbitration of international commercial disputes now in operation by business men.

### The State of Britain's Foreign Trade

**EXPORT TRADE** and its course in different countries has considerable attention these days. The British figures for April to June, 1922, are now available. With values computed on a basis of the prices prevailing in 1913, exports of British goods in these three months of 1922 stood at 65 per cent of the figure for the corresponding period of 1913. Two years ago the

comparative figure was up to the vicinity of 75 per cent, but last year, during the British coal strike, it was down to approximately 40 per cent. The United Kingdom's trade in exports of imported goods stands better. In the second quarter of 1922 it was 78 per cent of the volume in same quarter in 1913; the figure for this quarter last year was 63 per cent, after being 95 per cent for the corresponding quarter of 1920. These statistics are obviously indicative of a recovery following a great depression.

In a great manufacturing country, statistics of imports are likely to be more quickly suggestive of recovery or depression. In fact, the imports of the United Kingdom, when reduced to the values of 1913, show more favorable results than exports. In the second quarter of 1922 British imports were at 91 per cent of the imports for the corresponding quarter of 1913. In this quarter of 1921 the percentage was 75 per cent, and in 1920 had been 96 per cent.

For all of our exports and imports we do not have figures which are exactly comparable to the British calculations. The Federal Reserve Board has for more important commodities made calculations to show the monthly results as compared with the figures for 1913. These figures tend to show that in 1921 our exports were 8 per cent over those for 1913 and our imports 35 per cent higher. In May, 1922, the percentage of imports was around 99 per cent of the volume for the same month in 1913, and of imports was 178 per cent.

In exports of manufactured articles and in imports of articles for further manufacture we have our greatest increases. In May of 1922 these exports were 55 per cent over the level for 1913 and the imports which were to go into further manufacturing were 127 per cent above the 1913 figure.

### An Income Tax War Now?

**AN INCOME-TAX WAR** after the fashion of former tariff wars is something which British ship owners do not contemplate with equanimity. At present, British law levies a tax upon the assumed profit made in the United Kingdom by foreign shipping lines sending their steamers to British ports. On the same business, these shipping lines may have to pay income tax in their home countries.

Retaliation by other countries is what British shipping men fear. Of course, we are now in a position to retaliate, but our law holds forth an olive branch many a Britisher would like to seize; for it provides for reciprocity in such matters. If England will stop threatening to tax our steamship lines our existing law permits boats flying her flag to avoid our tax.

### Why German Shipyards Are Busy

**GERMAN SHIPBUILDING** has from time to time had some attention from the shipbuilding yards of other countries, for the German yards have been busy.

Like many other things German, the impulse which has caused ship construction to go forward in Germany has come from the German government. As a source of directions for industry and commerce the present German government is not recognizably different from the old régime. So it fell out that when the government compensated owners for the merchant ships they had to surrender under the treaty of Versailles it attached a "string" to the payments. The string meant that 90 per cent of the amount had to be used for building new ships in German yards.

To be sure, the shipowners insist that the twelve billion depreciated marks they got do not nearly cover their losses and that they could have more cheaply purchased tonnage abroad.



# Hunting Jobs—and Making Them

By A PUBLIC EMPLOYMENT OFFICIAL

**W**HAT'S a man going to do who is able to work, needs work and can't find it?"

That is the straight question a young man fired at me the other morning. It did not jar me greatly, because I have put that same question to myself often these past eighteen months when thousands of men from every walk of life have come to my office, and I could give most of them nothing more tangible than a shake of the head or an application card.

Ben Street, a friend of years' standing, was one of them. A cripple, he found himself at fifty-five years of age out of work, distress knocking and the profession of telegraphy his only asset. On the first of the month, with two other veterans of the key, he had received with his pay envelope a formal wish-you-well notice that he had plugged in for the last time.

"Who's the man with the say up at the Blank Manufacturing Company?" he asked me.

"There's no use tackling them," I replied. "They are hiring men only for the manufacturing end of the business, and you wouldn't fit in there. The jobs in your line simply aren't there."

"I'm not looking for a job," was his answer. "I'm going to make one. What chance have I got alongside of scores of younger men if I sit around and wait for a job in my line to crop up? They need a branch telegraph office at that plant. I know, because when I was with the telegraph company I handled all their business in and out. Their salesmen on the road are wasting hundreds of dollars every month sending full-rate messages that are never, in fact, can't be delivered until next day; messages that should be sent at night rates. They are sending long-winded day and night messages, which ordinary business judgment tells you would make as good time under a two-cent stamp. The last day I was with the telegraph company they lost a sale because one of their salesmen down in Memphis asked for prices by a day letter that should have been flashed at full rates over our fastest wire. Why, a live telegraph office at that outfit would save an operator's salary in a week. Tell me the man to see; that's all I want."

I told him.

## Ben Had Landed

**A**FEW weeks later I dropped in for an evening at Ben Street's home. He was making corrections to some proof sheets labeled: Blank Manufacturing Company—Instructions to Salesmen Regarding Use to Telegraph. He had landed.

The trouble with the average man out of work today is that he has lost perspective. He is as out of balance and mentally storm-tossed as an employment manager who was in the office the other day.

No man of my acquaintance exhibited a sounder common sense in his work or could hand out better advice to men out of work than he; but the very day that he found himself separated from the old weekly payroll he was as dazed and bewildered as a lost child at a circus. He surmised that there might be an opening for him with a large engineering company, the president of

which he had met casually a year or two before. What was his first move? Any man possessing a normal state of mind, in fact, almost anyone holding down a job, would seek a personal interview. If he risked a telephone conversation, it would be simply to arrange for an interview. My friend did nothing of the sort. He grabbed the telephone and attempted to introduce himself, project his personality over the wire and ask for a job. He received the inevitable answer. There was nothing for him, with that concern.

Now, I am not sitting in judgment, because, if suddenly I found myself in his position, I might do precisely as my friend did and get just about as tangible results.

Last spring, not far from my home, a woman sat by an open window. The coupons from her last dividend paying investment had been returned by her bank marked "Interest in default." She had no trade, no special accomplishments, no rooms to let out and no friends to whom she could turn.

Half-way down the block she noticed a flock of children frolicking on the steps and on the street in front of a fashionable apartment hotel. They were taking greater chances with the automobiles and traffic than do gamins of the tenement district. That night she called on the apartment hotel manager, and after explaining her purpose to him asked permission to interview the children's parents.

Today she conducts a Know-Your-City club for the boys and girls of that apartment hotel and many others in the immediate locality with all out-of-doors as a club house. Two or three times a week you may see her with her broods of varying ages visiting the botanical gardens, the Zoo, art galleries, and places of historical interest.

This woman created a job for herself, not because she applied either to her friends or to employment agencies, not by searching

the "want ad" columns or by knocking from door to door. It is doubtful if anyone could have found work for her for which she was either fitted or adaptable, and I question if anyone could properly call her resourceful. She created work and her job solely, I believe, because she was in a rational, 1913-year-of-our-Lord state of mind. Let men get that once again and it won't be such a long way to normalcy, wherever that is.

For nearly two months I endeavored to find or create a job for a young man of no pronounced abilities. Repeatedly he under-shot or overshot his mark when I obtained personal interviews for him with employers. He had to have a job, and the necessity of obtaining it and the haunting fear of failure each time he approached an employer who was willing to consider his qualifications, paralyzed his chances. Finally an employer who recognized in the young man certain qualities which he admired, and who was willing to leave something to Providence, employed him.

## No Change, or Stick!

**W**ITHIN one week after starting work the young man telephoned me to ask my advice about accepting a position with another company, a position which he had been personally seeking for months, but which, until he had got his present job, he had lacked the punch and self-confidence to land for himself. To his credit he stuck to the employer who had taken a chance on him, but the incident, with scores of similar ones which come to my attention daily, show strikingly what having a job means to a man.

I found a young man—call him McMahon—standing on the curb late one afternoon in front of the office playing a lone hand against three men. They were the bird-of-passage type of which every employer had his fill during the war and periods when there has been a shortage of man power. "Waiting for the Robert E. Lee" was dedicated to the species; they were the chronic joy riders who would be hired in New York on the first of a month to work on a job in Chicago, with meals, lodging and transportation paid by the employer; when real work stared them in the face upon their arrival in Chicago they would call on Smith of Pittsburgh, who happened to be hiring men to leave that night for work in the steel mills. Without doing a stroke of work they would "ship out" for Pittsburgh; another night's lodging, three square meals and passing scenery. At Akron or Youngstown they would wave good-bye to Smith. Probably on the first of the following month they were back in New York where they had started. It was one of the war's great outdoor sports.

For years these three tourists, and their kind, had been telling labor scouts, foremen, employers and the world in general where to "get off."

Now McMahon was volunteering that information to them.

Very much expurgated the information ran about like this:

"If you birds like Ireland or Russia or England or some other country better than this country, why don't you go there? Why don't you beat it? If I liked some other country better than I liked my own, I'd get there if I had to swim. Work? No, I ain't

## "No Help Wanted"

**W**HEN our industrial machine slowed down in the recent slump, thousands of men found themselves suddenly without work. These included not only laboring men but executives and men in technical positions. It was no longer a case of picking the most attractive position; finding work of any sort became a pressing problem.

Fortunately, there are unmistakable signs that the worst is over. Wheels are turning again; men are being called back to work. During the period that has passed, some men were content just to look for jobs, while others created places and then filled them. The accompanying story was written by an employment official of a great industrial state, based on his recent observations. It contains suggestions that ought to be of permanent value to the employer.

THE EDITOR.



# Speed Up Production— Slow Down Depreciation

Those two go together—both mean money in your pocket.

And everybody knows it, and realizes how very desirable it would be to do just these two things. The question is *how*.

There are several "hows", of course, and one is to install Bowser equipment for handling lubricating oils.

As you well know, it is no use speeding up operating efficiency, or handling raw material more quickly, or doing any other of those things, unless you also take care of the machinery you've got, and minimize time lost in repair and adjustments.



The first "how", then, is to make sure your machinery runs at top efficiency, and without shut-down. This means

Ever since I built my first measuring pump in 1885, I have guaranteed that Bowser products were rightly built, and of the best materials. I, therefore, welcome this opportunity to say that we stand squarely behind every Bowser product in its daily service in American industry.

*S. F. Bowser*

that you must have adequate lubrication.

Our engineers have been specializing on that problem for years. They have had long experience. They have solved perplexing difficulties. They have helped cut down depreciation and lost time, and they have helped increase production.

What Bowser engineers have done for others, they will be glad to do for you. Bowser equipment includes:

1—Bowser battery tanks, which keep oil at its full original efficiency, no matter how long stored;

2—Bowser remote-controlled power pumps, which put oil where it is used, and saves the time and steps of high-priced men;

3—Bowser circulating and filtering systems, which supply clean oil for machinery and lubricating purposes—clean oil in plentiful quantities, cuts down the total amount used up.

These systems save time, save labor, save oil, save machinery—lessen plant depreciation and speed up production.

We invite you to have a Bowser engineer inspect your plant, determine your needs and figure how soon Bowser equipment can conservatively be expected to pay for itself. Write today.

## S. F. Bowser & Co., Inc.

*Pioneer Manufacturers of Self-Measuring Pumps*

Home Plant: Fort Wayne, Indiana  
Canadian Plant: Toronto, Ontario

*Factories and Warehouses:*

Albany, Dallas, Milwaukee, San Francisco, Sydney

District Offices: Albany, Atlanta, Chicago, Dallas, Denver, Detroit, Minneapolis, New York, Philadelphia, Pittsburgh, St. Louis, San Francisco, Toronto. Representatives Everywhere.

*Office, with Service Department, in Principal Cities Abroad*

**BOWSER**  
ESTABLISHED 1885  
ACCURATE MEASURING PUMPS

*This is "Lubricating the Wheels of Industry" No. 4*



working, but it ain't because I don't want it. I'm still looking. You birds are afraid you might find it. Why don't you ship out? Take another ride; there's a boat every day and the wind's with you!"

I listened for perhaps five minutes, and then I called him over.

"Do you want a job, son?" I asked him. He said, "Yes, sir!"

I told him to come to the office in the morning. He was there before I was, and then I learned more about him.

### He'd Been Across

AT seventeen he had enlisted with a Massachusetts volunteer outfit and gone overseas. After he was discharged he went to work again in the textile mills at Lawrence and married a girl who was working in the same mill with him. When the industrial shake-down hit New England, he and his wife moved to the city. They were living at 708½ N. Blank Street in a 10 feet by 10 feet box that passed for a room. While he had been searching for work day after day for six weeks, his wife was doing kitchen work in one of the city's restaurants. She made enough to pay the rent and buy food. His meals for one week had consisted of oatmeal with neither sugar nor milk—just oatmeal, straight.

And this was the boy who at the fag end of a winter day, penniless, shivering and half starving, stood on the curb and preached the faith that was still in him. He got his job, but to this day he doesn't know why. I never told him; in fact, I doubt if he would have understood if I had told him why he got it.

"What is a man going to do who is able to work, wants work and can't find it?" A man past forty who, when the industry with which he had been connected went to the wall, lost everything but his practical business judgment, answered that question infinitely better than anyone could answer it for him.

In his late twenties he had been a school teacher, but at thirty years of age he had entered the industrial field, specializing in industrial chemistry. When he found himself out of a job, he did precisely what thousands of men similarly endowed and situated have done and are doing today throughout the country. He compiled a list of employers whom he thought might be interested in obtaining his services. In his particular case it was a list of publishers of technical books. He then addressed to each employer on this list a carefully prepared letter setting forth his experience in detail in those particular lines which he reasoned would interest each of these publishing houses. There was nothing out of the ordinary in that, but he did not stop there. He did what hardly one man in a hundred, who is seeking work, does today. He

suggested to each of these publishing houses how his services could be utilized to the advantage of each individual publishing house.

There were seven of these houses upon his mailing list. He received almost immediate replies from six of them, and out of these six, four asked him to call for a personal interview. He had no sooner closed with one than two other houses, after thinking over his suggestions, wished to close with him at once. His proposition, briefly, was to write pamphlets and theses on the latest developments in metallurgy and industrial chemistry, as well as reviews of technical books for advertising purposes.

An ex-major was another of that self-reliant type. He had served an overseas branch of the Ordnance Department and carried with him the finest citations from the Commander-in-Chief and his superior officers that I have seen. He convinced officials of an iron and steel company to whom I referred him that he was more than a job seeker. He showed these officials how by the expenditure of one dollar they could make two dollars in the purchase and resale of Army Ordnance surplus stock. The moment these officials appreciated the soundness of his proposition the major got his job, which carried with it a drawing account and interest in the profits on the proposed deals.

### When They Go Back

A PROMINENT banker recently said that the sole force that would drive people from the cities back to the farms and the rural districts is starvation. A rather crass and brutal statement, yet I admire his courage in making it, for years in employment work, when men were seeking the job and the job seeking the men, have convinced me of its everlasting truth. Men, regardless of their trade, vocation or station in life, prefer the comforts, the privileges and the glamor of city life, and from what I have seen in placing men on farm jobs, the women are not far behind the men. So long as the comparatively higher wages and social advantages of city life are within their grasp, the large percentage of our artisans and semi-skilled population will choose work in the cities regardless of the increased living cost as compared with life in the town and rural communities.

The money in the pay envelope and our so-called city advantages have been the determining factors. Perhaps they always will be. Men with their families will again take up their homes in the country district when economic necessity forces them to do so. And economic necessity—starvation, to put it bluntly—is today forcing thousands out of the cities and back to the homes they came from, two, five and ten years ago. The war and the phantom prosperity that for a year or more succeeded it drew literally hundreds of thousands from the farms and towns and

hamlets, particularly those of the middle west. Thousands of overseas boys, in the spring and summer after the armistice, made straight for the big money they had read about in the home papers that sifted through to them while at the front.

Thousands have gone back; how many of them, we will never know. There is evidence of it daily. A striking example recently came to my notice. A large plant, which in one department had been running full force for the past five years, suddenly found itself overstocked. It accordingly fulloughed or dropped for an indefinite period fifty-six of its mechanics from the department in question. One week after the notice of the shutdown or temporary suspension, the plant received an order for its products which made it necessary to resume full operation at once. The shop foreman at once mailed postal cards to each of the fifty-six, requesting them to report at the plant upon receipt. Allowing for the delivery of the postals within twenty-four hours, it banked on substantially all of its former employees being back at their benches within two days. At the expiration of four days only thirty-one of the men had reported. As the work was of a highly technical nature and one in which the men had during the past five years become unusually proficient, it was desirable to make a special effort to get them back. The foreman accordingly jumped into his flivver and made a personal call at the addresses of the missing twenty-five.

### When You Lose Your Job—

THIS canvass developed the information that three had found work elsewhere in the city, four had "moved on" to points east or west, two were sick, two wanted to "rest up a bit," and the remaining fourteen had gone or were going back home to or with their families; and "back home" in most cases, the foreman told me, meant "five hundred to a thousand miles away back to the corn belt, the cross roads and the small towns where most of them came from five years ago."

There is no cure-all or panacea for unemployment. For better or for worse it runs its course. The only antidote is work, but if all men in America, from the kitchen scullion to the technical engineer, looking for work today were fused into one composite type and that composite type sat opposite me, I could give him no more conscientious, worth-while advice than this:

"If you are on the ragged edge, snap out of it; start your new day as near to your own door step as you can; remember that most of our troubles never happen; think less of jobs and more of what you can offer in sound ideas and service."

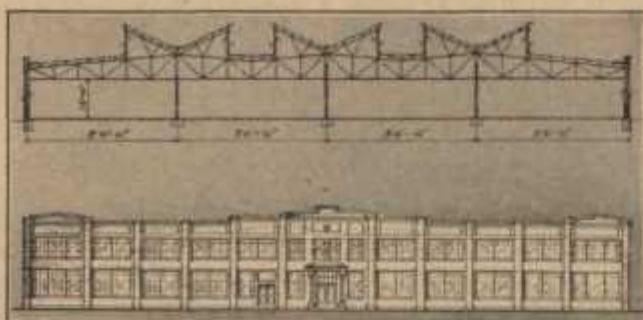
"I'm not looking for a job,  
I'm going to make one"







## One Dollar a Square Foot Complete in 60 Days!



The illustrations above show the interior and cross-section as ordered for the new Nash factory building and also a sketch of the front of the two-story office building.

When the Nash Motors Company, faced a rush need for 200,000 sq. ft. of factory space they placed the order with Ferguson because Ferguson methods meant (1) predesigned buildings (2) shipped immediately (3) from stock, assuring (4) a first-quality structure (5) at minimum cost (6) on a guaranteed delivery date (7) at a guaranteed price.

### Do you need a good building in a hurry?

Ferguson can build it for you and give you floor-space ready for occupancy in October.

In purchasing a Ferguson building you follow the lead of such nationally-famous companies as The General Electric, National Cash Register,

Marmon, Robbins & Myers and many others who have purchased from two to five buildings from Ferguson.

Preliminary plans and figures gladly submitted without obligation on your part.

#### THE H. K. FERGUSON COMPANY

*Design and Construction of Heavy Industrial  
and Railroad Projects*

HAROLD K. FERGUSON, President

6523 Euclid Avenue

CLEVELAND

Phone Randolph 6854

# Ferguson

ONE OF AMERICA'S BEST BUILDERS



# Good Crops Give the Farmer Money to Spend this Fall But He's Not Going to Throw It Away

BY ARCHER WALL DOUGLAS

**T**HE ending of summer usually ushers in a rising tide of buying, especially when there are abundant harvests, as in the present season. While the coming fall will probably be no exception to this general precedent, it is already apparent that purchasing will be of a most scrutinizing character, and is not liable to be stamped into undue commitments because of any temporary scarcity of goods in some lines, even though stocks of merchandise in the hands of merchants, both wholesale and retail, are very

been crop failures such as were our portion in 1893, 1894 and 1901, when in many states of the West and South the sky was as brass and the earth as iron underneath, and hot winds were as the breath of a furnace.

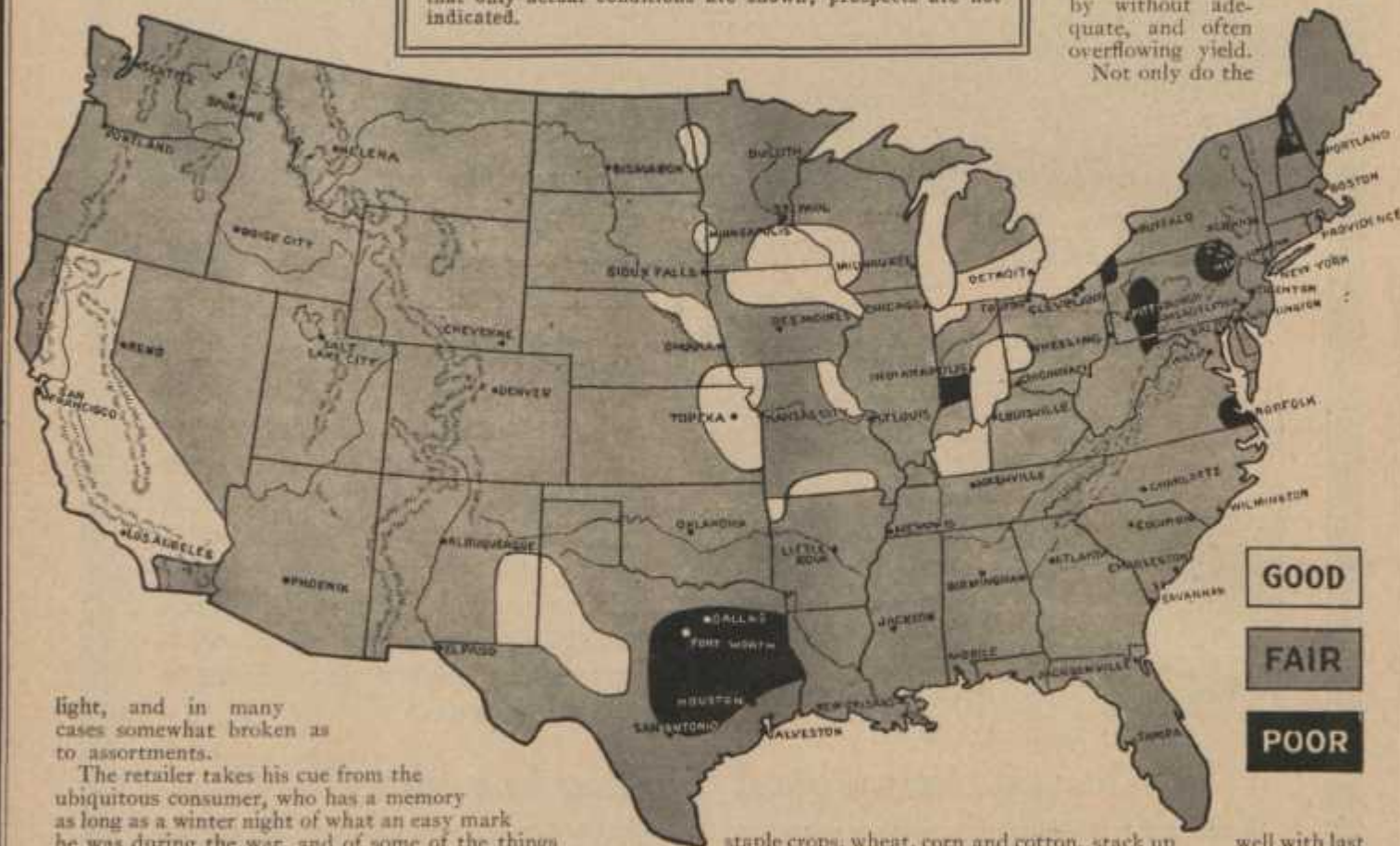
Nor is it the first time in our history that a sometimes kindly Nature turned the tide of business depression into possibilities of growing prosperity. As usual, when Nature does things, she goes the whole hog, and this season apparently no farm commodities of any moment will get by without adequate, and often overflowing yield.

Not only do the

## Business Conditions, August 15, 1922

**T**HE DOUGLAS MAP shows at a glance the general conditions of the country. Light areas indicate good crops, industrial activity, and "high pressure" buying markets. In the black areas these conditions are lacking. The shaded areas are half way.

In studying the map it should always be borne in mind that only actual conditions are shown; prospects are not indicated.



light, and in many cases somewhat broken as to assortments.

The retailer takes his cue from the ubiquitous consumer, who has a memory as long as a winter night of what an easy mark he was during the war, and of some of the things that were done to him during those troublous times. So consumers and distributors alike expect both service and adequate prices for the purchases they make, as they know full well that they will have plenty of sellers to choose from.

Buying for futures is much in evidence, but it is a thing of wise foresight to insure having the goods when needed and is entirely devoid of the speculative element. Prophecies of scarcity of goods later on, so far, do not seem to have been very convincing to purchasers in general. A comparison of the Conditions Map, month by month, since the first of June, indicates how general has been the improvement in practically all sections of the country, and how widely spread business will be this fall and winter, save here and there, where drought, or too much rain, or severe depredations by destructive insects, have done serious damage to growing crops. For industrial, mining and transportation problems usually work out their own solution, but in nearly all sections, the measure of prosperity, directly or indirectly, will be harvest yields and the prices they bring.

It is undeniably a year of plenty in abounding crops, and the only way to realize the full significance of this is to visualize what would have been the condition of the country had there

staple crops, wheat, corn and cotton, stack up well with last year, but the acreage of tomatoes is 250 per cent greater than in 1921, and sweet corn and peas production will run far ahead of twelve months ago. Which, as to the three vegetables in question, means a pronounced increase in the canning business, a matter of the utmost moment to households throughout the country.

These examples of the plentifulness of garden truck are only the story in part of a universal trend, and of a general bounty this season in things grown on farms.

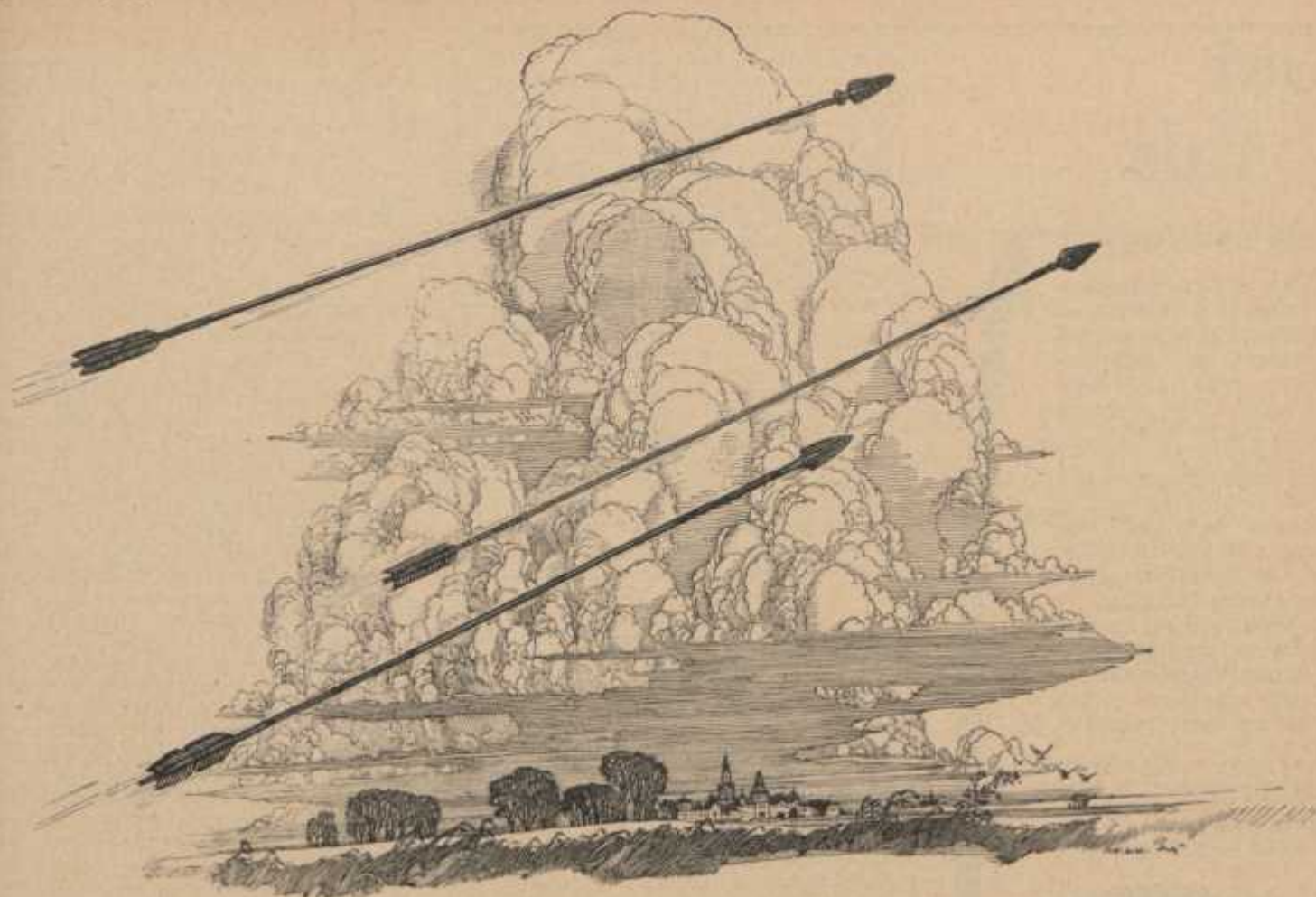
Then, not to be left out, the busy bee gets into the game with 30 per cent more production of honey per hive than last year. This, too, despite much unfavorable weather for the gathering of honey; too wet in one section, and too dry in another.

It is the same tireless and intelligent industry displayed by the southern planter who was hell bent on raising a great crop of cotton this year regardless of the unending obstacles that a resourceful and hostile Nature placed in his way. And he will probably get away with it if the boll weevil gives him a chance.

The comparison of acreages, this year with last, of farm products in Alabama and Mississippi is largely typical of what is going on throughout the Cotton Belt.

There is less corn planted because of the prevailing low prices last year of both corn and livestock. Still, there will be enough





## THE THREE ARROWS

"WHEN I was a boy," said the manufacturer, "at the age when a boy won't read a book unless it has Indians in it, I used to practice every day with a bow and arrow. On the back of my father's barn I painted a white target with an outer circle, an inner circle, and a bull's-eye in the center. After a time the outer area of that target bore the signs of many arrows, and the inner circle, too, gave evidence of a fair number of hits—but there were mighty few marks in the bull's-eye.

"The subject of advertising always carries my mind back to that target. In business today, there are so many of us aiming at the same markets that advertising has become a contest in marksmanship.

"Reduced to its simplest terms, the work of advertising is, first, to cause people to *know*; second, to cause them to *remember*; third, to cause them to *do*. If we accomplish the first, the arrow hits the outer

circle. If we accomplish the second as well, we have hit nearer the center. But to score a bull's-eye we must accomplish all three.

"In my own line of business, for example, the advertising of my competitors is either so similar that people do not remember one from another; or else it strives so hard to be 'different' that it wanders away from the methods that sell merchandise.

"My own product is the leader in its field because its quality is backed by advertising strong enough to make itself known in any company; individual enough to be remembered apart from all competitors, and so sure in its knowledge of people that it awakens the buying urge.

"And the principal reason is this—when I chose an organization to do my advertising, I chose one whose record proved that it knew how to put the arrow in the bull's-eye."

# N. W. AYER & SON

ADVERTISING HEADQUARTERS

NEW YORK BOSTON PHILADELPHIA CLEVELAND CHICAGO





# Get this

## from your banker

Millions of bank depositors are now independent of mechanical devices, printed limitations, and other ingenious and bothersome methods of protection against check alteration.

These bank depositors are better protected—*more positively protected*—by checks with **INSURANCE**. They use Super-Safety insured checks furnished by their banks without charge. Whether written by pen and ink or mechanically, the Insurance protects them against loss thru "raising."

Ask your banker for these checks. If you cannot find one in your locality who has them, write us for the name of one nearby who will gladly accommodate you.



Insured in the  
**HARTFORD**  
against loss through  
fraudulent or  
felonious alterations



**The Bankers Supply Company**

*The Largest Manufacturers of Bank Checks in the World*

NEW YORK CHICAGO DENVER  
ATLANTA DES MOINES SAN FRANCISCO

for home consumption. The acreage released from corn has mostly gone into cotton to which there was the further incentive of high prices for cotton, and the promise of even higher figures in the near future. There was liberal planting of those secondary crops which are food for either man or beast; such as sweet and Irish potatoes, velvet and soy beans, cowpeas and peanuts, and small fruits, and likewise a great acreage to hay because of increasing flocks and herds.

The significant fact is that at a time when cotton offers the greatest likelihood of monetary returns of any crop, there is still an all sufficient acreage devoted to food products, because the lesson of diversification seems to have been learned for all time.

In the constant comments in the daily press and in reports of business conditions on the apparent upward trend of prices in general, there seems to be lost sight of the significant fact that such a rise means a distinctly less purchasing power of the farmer, when he is finally and generally getting into the position of exercising that power to a far greater extent than at any time within two years past. Also that the volume of business this fall depends largely upon the extent to which that buying power is employed.

While the prices of farm products, save possibly cotton, will probably not go much higher in the near future, there will not be much inducement for the farmer to purchase freely on an advancing market when he knows full well that there is no warrant for any general advance.

Some manufacturers, who have not fully liquidated prices of their products, find themselves with their capacity but partly employed, with consequent unduly high cost of production, all because their products are not at the figure at which the consumer will purchase freely. They are liable to remain indefinitely in their present predicament, unless they are willing to try the plan which has been successfully tried in some lines—that of making a price which will interest the consumer—and then trusting to increased volume of business and reduced cost of operation, incident upon greater output, to bring the ultimate cost of production per article down to the required figures.

In this connection, business in some lines is being stimulated by reduced costs. Auto-

mobile tires, as an example, are lower in selling prices, although the price of the cotton fabric used in them will probably go higher, and the factories do not lack orders. It seems to be one of those old fashioned and elemental situations where very lively competition is the underlying and compelling factor.

Orders and shipments of lumber have increased and all building material is in strong demand. Zinc, lead and copper have larger outputs and at somewhat higher prices. Textile mills are fairly well employed but still find the consumer unwilling to pay higher figures for their fabrics. The shoe people are busy, and the automobile folks have been very busy and are hopeful of further activity this fall when the country-side gets money for its crops, and naturally thinks of investing some of it in automobiles.

The European situation makes slow headway to recovery, and we are learning some elemental facts. One of them is that any organization or any nation that makes loans or extends credit to Russia or Central Europe under their present governments, or their present financial policies, is in need of a guardian to manage its affairs. For we are thoroughly disillusioned as to Europe and its peoples. So much so, that when some one in high finance periodically announces that we should cancel Europe's indebtedness to us, it is not deemed worthy even of a ripple of denial. Yet it does not require much thought and analysis to realize that if we get the interest on these obligations we shall be most lucky, despite many solemn assurances to the contrary.

Some indebtedness is never meant to be paid; many bond issues and most all national debts, as examples. That is why they are contracted; that they may go on forever, with payment of interest and occasional reductions. The fundamental difficulty with Europe lies in a rabid obsession of nationality, whose catechism teaches that your duty toward your neighbor is to hate him with all your might and all your strength and to grab off his belongings whenever opportunity offers. So tariffs, passports, trade regulations and the like are all aimed at the adjoining country with whom you should be doing much business. For nobody ever succeeded in making money out of their enemies commercially.

## Log of Organized Business

**THE FOLLOWING** is a complete list of the committees of the Chamber of Commerce of the United States for the year, 1922-1923, as appointed by Julius H. Barnes, president of the Chamber:

### Building

L. S. Gillette, Minneapolis, Minn., *Chairman*.  
John Joy Edison, Washington, D. C., *Vice-Chairman*.  
Julius H. Barnes (ex-officio), Duluth, Minn.  
A. C. Bedford, New York.  
W. L. Clause, Pittsburgh, Pa.  
Homer L. Ferguson, Newport News, Va.  
Elliot H. Goodwin, Washington, D. C.  
Charles Nagel, St. Louis, Mo.  
L. B. Stillwell, Lakewood, N. J.  
Harry A. Wheeler, Chicago, Ill.

### Business Ethics

Edwin B. Parker, New York, *Chairman*.  
Paul W. Brown, St. Louis, Mo.  
J. H. Burton, New York.  
William Butterworth, Moline, Ill.

Henry S. Dennison, Framingham, Mass.  
Noble Foster Hoggson, New York.  
Philip B. Kennedy, New York.  
George Rublee, New York.

*Departmental—Civic Development Department*  
R. Goodwyn Rhett, Charleston, S. C., *Chairman*.

R. B. Beach, Chicago.  
Arthur S. Bent, Los Angeles, Calif.  
A. B. Farquhar, York, Pa.  
Thomas E. Finegan, Harrisburg, Pa.  
A. L. Humphrey, Pittsburgh, Pa.  
Morris Knowles, Pittsburgh, Pa.  
Frederick P. Keppel, New York.  
George D. McIlvaine, Pittsburgh, Pa.  
W. Frank Persons, Washington, D. C.  
Frederick B. Wells, Minneapolis, Minn.  
William F. Willoughby, Washington, D. C.

### Executive

A. C. Bedford, New York, *Chairman*.  
Julius H. Barnes, New York.  
Clyde C. Dawson, Denver, Colo.  
William J. Deane, St. Paul, Minn.



Homer L. Ferguson, Newport News, Va.  
 Carl R. Gray, Omaha, Nebr.  
 James S. Kemper, Chicago.  
 Lewis E. Pierson, New York.  
 M. J. Sanders, New Orleans, La.  
 Ernest T. Trigg, Philadelphia, Pa.  
 Henry M. Victor, Charlotte, N. C.  
 Thomas E. Wilson, Chicago.

*Departmental—Fabricated Production Department*

William Butterworth, Moline, Ill., *Chairman*.  
 George P. Blow, LaSalle, Ill.  
 Alvan T. Simonds, Fitchburg, Mass.  
 Henry S. Dennison, Framingham, Mass.  
 Frank Wilbur Main, Pittsburgh, Pa.  
 A. J. Brosseau, New York.  
 A. F. Knobloch, Cleveland, O.  
 C. S. Sale, New York.  
 Carl F. Dietz, Bridgeport, Conn.  
 Stuart W. Cramer, Cramerton, N. C.

*Finance, Budget and Audit*

Max W. Babb, Milwaukee, Wis., *Chairman*.  
 Julius H. Barnes, Duluth, Minn.  
 Clyde C. Dawson, Washington, D. C.  
 John Joy Edson, Washington, D. C.  
 H. M. Victor, Charlotte, N. C.

*Departmental—Finance Department*

Lewis E. Pierson, New York, *Chairman*.  
 E. L. Carpenter, Minneapolis, Minn.  
 Fred R. Fairchild, New Haven, Conn.  
 W. F. Gephart, St. Louis, Mo.  
 R. S. Hecht, New Orleans, La.  
 Fred I. Kent, New York.  
 Thomas B. McAdams, Richmond, Va.  
 Felix M. McWhirter, Indianapolis, Ind.  
 John H. Puelicher, Milwaukee, Wis.  
 George A. Ranney, Chicago.  
 H. J. Sconce, Sidell, Ill.  
 John W. Staley, Detroit, Mich.

*Foreign Affairs*

John H. Fahey, Boston, Mass., *Chairman*.  
 Julius H. Barnes, Duluth, Minn.  
 John W. Davis, New York.  
 Joseph H. Defrees, Chicago.  
 Walker D. Hines, New York.  
 Fred I. Kent, New York.  
 Charles F. Lang, Cleveland, O.  
 Harold G. Moulton, Chicago.  
 Leo S. Rowe, Washington, D. C.  
 Silas H. Strawn, Chicago.  
 Frederick W. Taylor, Los Angeles, Calif.  
 Frank Vanderlip, New York.  
 F. O. Watts, St. Louis, Mo.  
 Clarence M. Woolley, New York.

*Departmental—Foreign Commerce Department*

Willis H. Booth, New York, *Chairman*.  
 H. W. Ackhoff, Chicago, Ill.  
 A. E. Ashburner, Cleveland, O.  
 Harry A. Black, Galveston, Tex.  
 Louis S. Goldstein, New Orleans, La.  
 Philip B. Kennedy, New York.  
 R. A. McCormick, Baltimore, Md.  
 Henry H. Morse, Whitman, Mass.  
 William E. Peck, New York.  
 William C. Redfield, New York.  
 Paul Shoup, San Francisco, Calif.  
 Frank H. Taylor, Philadelphia, Pa.  
 Everett B. Terhune, Boston, Mass.  
 Eugene P. Thomas, New York.

*Governing Board for The Nation's Business*

Lewis E. Pierson, New York, *Chairman*.  
 Moody B. Gates, New York, N. Y.  
 C. A. McCormick, New Brunswick, N. J.  
 Ernest T. Trigg, Philadelphia, Pa.

*Immigration*

John W. O'Leary, Chicago, *Chairman*.  
 Wallace M. Alexander, San Francisco, Calif.  
 Henry Bruere, New York.  
 J. T. Duryea, New York.  
 Harry A. Garfield, Williamstown, Mass.  
 Charles Nagel, St. Louis, Mo.  
 Francis W. Shepardson, Chicago.  
 T. E. Jackson, Dallas, Tex.  
 George M. Verity, Middletown, Ohio.  
 Owen D. Young, New York.

(Continued on page 42)

A letter received by Stone & Webster, as constructors, on completion of the great Baltimore Refinery of The American Sugar Refining Company pictured below

STONE & WEBSTER  
 Incorporated

**The American Sugar Refining Company**

117 Wall Street

Stone & Webster, Inc.,  
 147 Milk Street,  
 Boston, Mass.

New York June 9, 1922  
 File 8018

Gentlemen,—

The completion of our new refinery at Baltimore establishes the latest link in our chain of plant service which extends from our refinery in New Orleans to Baltimore, through Philadelphia and New York to Boston. The labor of construction is over and the wheels of production are turning.

Throughout the construction period of two years, during which time your firm had charge of the engineering design of the Miller House and coal handling facilities and the construction of the entire plant, you have rendered a service to this Company marked by skill, efficiency and co-operation of a pronounced character, and we take this opportunity of congratulating you upon your part in this great enterprise and know that you share our pride in its completion.

Yours very truly,

*Resubitz*  
 Vice-President





## Here was a large department store inviting a fire

The Hartford was especially glad to serve this policyholder.

Department store inspections are usually productive of very interesting reports.

The engineer found everything in first-class condition in the parts of the store that were open to the public, but in out-of-the-way workrooms were found:

12 places badly in need of a good housecleaning.

5 cases where oily waste cans were not being emptied.

A stairway completely blocked with storage.

2 fire-pails hidden and therefore useless.

5 easily remedied electrical defects.

A room where the sprinklers were badly obstructed.

*Even if you are not a Hartford policyholder, we shall be glad to show you by examples how this Fire Prevention idea may be made practical. Write on your regular letterhead to*

**Department of  
Special Service**

**Hartford Fire  
Insurance Co.**

Hartford, Connecticut

U. S. A.



*The Seal of Certainty  
on a  
Fire Insurance Policy*

*There is a local agent of the  
Hartford near you. Shall  
we tell you his name?*

### Land Reclamation

E. T. Meredith, Des Moines, Iowa, *Chairman*.  
Hugh P. Baker, New York.  
E. F. Blaine, Seattle, Washington.  
Marshall N. Dana, Portland, Ore.  
Clyde C. Dawson, Denver, Colo.  
W. E. Guild, Jackson, Miss.  
Henry I. Harriman, Boston, Mass.  
E. D. Holmes, Casper, Wyo.  
Edwin L. Loddell, Chicago.  
Felix M. McWhirter, Indianapolis, Ind.  
Frederick H. Newell, Washington, D. C.  
Walter Parker, New Orleans, La.  
J. H. Ross, Winter Haven, Fla.  
R. E. Shepherd, Jerome, Ida.

### Membership

John M. Crawford, Parkersburg, W. Va., *Chairman*.  
Edwin C. Gibbs, Cincinnati, O., *Vice-Chairman*.  
Clyde C. Dawson, Denver, Colo.  
Charles C. George, Omaha, Nebr.  
Henry M. Victor, Charlotte, N. C.

### National Forestry Policy

David L. Goodwillie, Chicago, *Chairman*.  
Hugh P. Baker, New York.  
Junius H. Browne, New York.  
Henry S. Drinker, Merion Station, Montgomery Co., Pa.  
John Fletcher, Chicago.  
W. B. Heinemann, Wausau, Wis.  
Charles S. Keith, Kansas City, Mo.  
F. C. Knapp, Portland, Ore.  
Charles F. Quincy, New York.  
Harvey N. Shepart, Boston, Mass.

### Departmental—Natural Resources Production Department

J. H. Ross, Winter Haven, Fla., *Chairman*.  
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(Continued on page 44)



"GMC TRUCKS ARE SEVEN STEPS AHEAD"



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*Uninterrupted performance for a longer period and fewer lost hours of "Lay-Up" time—another of the GMC "Seven Steps Ahead"*

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No other motor truck on the market has all these exclusive improvements, which make possible the steady, unvarying performance that is common in the operation of GMC trucks.

**GENERAL MOTORS TRUCK COMPANY—Pontiac, Michigan**

*Division of General Motors Corporation*

*GMC Chassis list at the factory as follows: One Ton, \$1295; Two Ton, \$2375; Three and One-Half Ton, \$3600; Five Ton, \$3950; tax to be added*

# General Motors Trucks





## THE SHEPARD ELECTRIC LIFTABOUT



*A new and smaller  
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*Shepard also builds Electric Cranes and Hoists in capacities to 30 tons*

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### *Backing up the President*

PRESIDENT HARDING'S efforts looking towards the maintenance of uninterrupted railroad transportation in the railroad strike were upheld at a recent meeting of the Board of Directors of the National Chamber. The board issued a formal declaration commending the President and urging the administration to use all the power of the agencies of the Government to the end that law and order be maintained. The board's decision reads as follows:

The Board of Directors of the Chamber of Commerce of the United States commends the statement of President Harding making clear the issues involved in the Railroad Shop Crafts Strike. We believe in the peaceful settlement of controversies and due respect for agencies established by law or mutual agreement for securing just and impartial decisions. We believe in the compliance with such decisions by both parties, and that the public will trust decisions so arrived at as generally fair and accord them the support of public opinion.

This strike of a section of railroad employees is against a decision of the Government's own agency.

That agency is continuously in session to carefully consider and fairly decide in the public interest controversies between railroad management and their employees relating to wages and salaries or working conditions.

The attempt of the striking railroad employees to enforce their own views through methods of industrial war should meet the condemnation of all who believe in orderly processes of settlement.

This country is slowly emerging from a period of unemployment and severe business depression, and cannot patiently view any unlawful interference with its transportation facilities, retarding its industrial recovery.

We commend the President for his determination to maintain the supremacy of the law, and we urge the Administration to use all the power of the agencies of the Government to that end.

We call upon the business organizations of the country to take such leadership as shall crystallize public sentiment in upholding the



*"If I had the factory we're sitting in to build again I'd use STEFCO Ready-Built Steel Buildings"*



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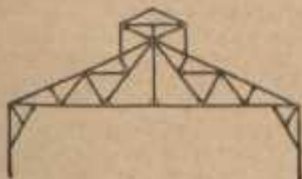
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President in the exercise of his authority for the maintenance of uninterrupted railroad transportation and for such local protection and community public order as will secure every man his right to work without intimidation.

## To Cut Fire Waste

THE National Chamber of Commerce has become actively interested in the national campaign against fire waste. At a meeting held at the headquarters of the Chamber in Washington, attended by representatives of national organizations interested in fire prevention work, Julius H. Barnes, president of the National Chamber, pledged the support of the organization in the movement. The National Chamber will work in the campaign through its fourteen hundred member organizations. The conference voted to appoint a general committee to cooperate with the National Chamber in the conduct of a national fire prevention program.

The organizations represented at the conference were the National Association of Insurance Agents, the National Board of Fire Underwriters, the National Fire Protection Association, the National Automatic Sprinkler Association, the National Association of Credit Men, the American Institute of Electrical Engineers, the American Institute of Architects, the American Society of Mechanical Engineers, the International Association of Fire Engineers, the Railway Fire Protection Association, the Boy Scouts of America.

The meeting was presided over by Philip Perlman, Secretary of State for Maryland. He acted for the Governors Conference held recently at Baltimore, at which plans for the campaign were first discussed. In pledging support and cooperation of the National Chamber, Mr. Barnes said:

One aspect of this movement that appeals to me is the American ideal of doing things by concerted action rather than by uniting for legislation. Legislation seems to be necessary in some aspects, but I can see that we have in America, the idea of reducing interference from Government to the utmost minimum and intelligent nation wide effort will narrow and restrict the field of government interference in the insurance field. The National Chamber has an organization membership of 1,400 chambers of commerce and trade associations through whom it reaches 700,000 business firms and individuals. We have thus a great channel of contact with every community in the United States and reach those most interested in preventing large losses.

Besides the property damage which is appalling, there is the indefinable aggregate of invisible loss and personal inconvenience and disaster. Because of the domestic disturbance which follows it is hard to state in dollars the loss to a man whose home is burned.

The National Chamber realizes that this enormous field of insurance with its various forms covering fire, life, accident, and hazards of all kinds has come to stay. Realizing that it has become perhaps the most universally accepted factor in our national life, the National Chamber has set itself to find a field of service in that activity. The distribution of hazard so that it does not fall too heavily on one individual is a great national service. The National Chamber has had in mind that it can make itself felt to no better advantage than in educational work in reducing losses. So we propose to put at your service this contact which we have with chambers of commerce, trade associations and other agencies. With your aid and suggestions we can obtain an appreciation of the importance of the work and reduce losses from fire. We can as a representative of organized business carry a certain conviction in the suggestions which it



### Another Hockenbury Success!



The New Hotel  
Petaluma, Cal.

## Knowing What NOT to do!

Knowing what NOT to do in the handling of community hotel finance comes only after long and varied experience. For, really, the problem of community hotel finance is one-tenth in knowing what to do—and nine-tenths in knowing what NOT to do.

That's why committees seeking to finance their own modern hotels fail nine times out of ten; seeking to do it alone, or with the aid of inexperienced outside help.

That, too, is the reason why the Hockenbury directed projects without exception ARE successful!

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BEFORE your city fails and loses its much-needed new hotel why not play safe? At least ask us to mail, gratis, "Financing Your City's New Hotel."

**The Hockenbury System Inc.**  
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perhaps not possible to the more experienced trades themselves, where possibly a shadow of self interest might accompany their suggestions. We want to take your valuable experience and translate it through these channels, stamp it with the sincerity of a business organization which has no interest other than a national interest and make your suggestions effective.

So it is with considerable pleasure I accept the tender of this offer for the National Chamber and particularly for the Insurance Department, and in doing so I serve notice that we expect your hearty cooperation, your interest, your suggestions and support to make it acceptable. We should be glad to have the offices of the National Chamber used as the headquarters of the organization formed to make this work effective.

### Too Many Styles in Coffins!

IN DISCUSSING new developments along the line of simplified varieties and standardization, Mr. E. W. McCullough, manager of the Fabricated Production Department of the National Chamber, says that the pursuit of opportunities to aid manufacturers in eliminating waste developed many strange and interesting situations. One of the latest efforts deals with burial caskets. It developed that not only were the manufacturers, jobbers and undertakers interested in simplification of varieties, but the cemeteries and builders of mausoleums and crematories, etc., also were to a marked degree. An organization secretary serving this line informed him that one of the cemeteries in a large eastern city already had placed a restriction on the width of graves, which made it necessary that the casket and case meet their requirements or the burial could not occur.

Evidently trouble is our heritage from the time we enter the land of the living and it follows us even into the grave.

Casket making in many of its aspects has been governed largely by sentiment which has gone to such an extreme as to create burdens of expense and waste which common sense suggests reducing or eliminating. It has been found, through a hasty survey, that in wood caskets the varieties of styles and sizes, before there is any trimming or finishing, approximate over 1,200. Then follows an ever-increasing variety in trimmings and accessories which increase the sum total to over 2,500 distinctly different caskets.

An effort is being made to apply common sense and reason to this problem of reducing varieties, at the same time preserving reasonable regard for the sentiment which does and should prevail.

### For Criminal Justice

THERE has been organized in Cleveland, Ohio, The Cleveland Association for Criminal Justice, which comprises in its active membership the Cleveland Chamber of Commerce, the Cleveland Bar Association and other organizations. The association is the outgrowth of a recent survey of criminal justice in Cleveland. Its purpose is to promote an intelligent and efficient administration of criminal justice through constructive cooperation with governmental agencies charged with its administration.

It has, among other things, installed a card index protective system which makes it possible to tell instantly the status of every felony and major crime committed in the county, with complete information as to the nature of the offense, the person arrested, the injured party, and the exact status of the prosecution. There is no other one office or record in the courts or police depart-



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Some of these publications are listed below. We shall be glad to send copies upon request.

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- [2] A Sure Road to Financial Independence.
- [3] Bonds—Questions Answered—Terms Defined.
- [4] Ten Tests of a Sound Public Utility.
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THE JOHN C. POWERS COMPANY  
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ment where such full information regarding a given case can be obtained.

### Still a Lack of Houses

DESPITE the increased building activity in the United States during the last six months, the housing shortage for the country as a whole is estimated at somewhat more than two and a half years' production by the Civic Development Department of the Chamber of Commerce of the United States. According to the department the situation is not the same in all American cities. In some cities the shortage is estimated as nearly four years, while in others it is approximately one and a half years, or even less.

This means (says the department) that many thousands of American families are still living in cramped quarters, well-to-do families as well as poor. More significant, it means that a considerable proportion of these families are becoming accustomed to this cramped living accepting it as normal. I have heard of an Admiral of our Navy who, with his wife and two sisters, occupies three rooms in an expensive apartment house and has his meals prepared on an ingenious little electric stove in the hall, of a comparatively well-to-do woman who occupies one room and bath and has her laundry washed in the bath room. When one goes from such people to the poor, he finds the old overcrowding accentuated and insanitary conditions worse than they were before the war.

Mr. Ihlder pointed out "that while we cannot expect house building to continue long at its present speed, we may hope that it will continue to exceed current increase of need and so gradually reduce the shortage. Coincidentally we may expect that building prices will come down, not steadily—just at present they are rising from the lower level of the winter—but with occasional flats and accents. This means that we may hope for dwellings produced and sold at smaller cost, and so put within the means of a constantly larger proportion of the people until the day comes when the old procession is once more started from poorer houses to better houses and so make available to families of small means the old but adequate houses that are still habitable. At present there is an hiatus between the expensive houses under construction and the dwellings of the unskilled wage-earner. At present and for some years, so far as we can foresee, there will be little or no building of new dwellings, at least in the east, for unskilled wage-earners."

From the housing point of view, the most encouraging development of the past two or three years is the extension of zoning regulation in the United States. Begun just before the war, zoning gripped our imagination and as soon as peace returned American cities began to apply it. Today some sixty cities have or are drafting zoning regulations. Because of these zoning regulations they are keeping in their residence districts the open spaces which are the fundamentals of good housing.

## The College as Training for Industry

IN THE August issue we printed a letter from Charles W. Chase, president of the Gary Street Railway Company, raising again the constantly argued but never settled question of the advantage of a college education in business. Mr. Chase, himself, has a fairly definite opinion and in a second letter he writes:

I do not feel that my personal opinion in this matter is of very great value, but I have



no hesitation in saying that I believe a general college education will give the average young man a distinct advantage in his competition in the business world with others not so fortunate in their preparation and training.

I have been much impressed in meeting former classmates and graduates of other collegiate institutions, with the rapidity with which a great majority of them seem to have advanced to positions of responsibility and preferment. I feel quite certain that given average intelligence, good health and determination to succeed, the young man with a general college education has a better chance for rapid preferment and advancement in the business world than have those who have not had such an advantage. The pursuit of a broad general collegiate training is almost sure to open up that avenue of endeavor, possibly hitherto unknown, in which the student is best mentally and temperamentally fitted to succeed and be of most service; moreover, the intensive mental training and the formation of the habit of logical reasoning better enables such a college man to grapple quickly and surely with the problems of life and business. Allowance, however, should always be made for the exceptional cases of the men of innate ability and self-education who rise over all obstacles and succeed in spite of every handicap or disadvantage.

In printing the letter, suggestion was made that there might be a need of definition. What do we mean by advantage? Arthur M. Kennedy, of Philadelphia, sends us a copy of an article by Wilson Farrand, head master of Newark Academy, which touches that point. Dr. Farrand is no doubter about the worth of a college education as a source of "greater enjoyment of his leisure hours, broader interests and greater influence in the world" but he doesn't have faith in it as a means of making money:

In the first place, a boy whose primary aim is a large fortune, and whose ambition is to make as much money as possible, will not find it to his advantage to go to college. He will probably make more money if he goes directly into business and devotes his energies exclusively to the one end. In fact, one might go further and say that a college education would probably interfere with his ambition by giving him other interests and by making him less anxious to secure as much money as possible.

From J. W. Sprague, of Janney-Semple-Hill & Co., of Minneapolis, comes a definite opinion in favor, but with one proviso:

The completion of a college education, and I mean by that not a football education, but one which is gained with the idea of larger brain power and clearer thinking, must be of a distinct advantage to a young man in any line of business. If, after completing such an education, he can be made to understand that his knowledge is largely technical when he is about to engage in the affairs of business, that he must start at the bottom to gain actual knowledge which he will work out in everyday affairs, there is no doubt in the writer's mind that the young man with such a college education will climb faster and will be a bigger business man in the long run than one who has entered the business world poorly equipped educationally when he is perhaps only fifteen or eighteen years of age and one who tries to climb by inherent brightness, good nature and other natural qualities with which he may be endowed.

E. J. McVann, a Washington attorney, has also a definite opinion in favor of a college education, but with similar qualifications:

After all, the whole thing may be boiled down to the question: Does what a man learns in an Arts course help him in business enough to justify the four years he must take after he has completed high school to get through



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## NEW YORK



that course? Or could he learn more by devoting those four years to the business? And that boiling brings another "2" to the top: Just what does the Arts course teach a man? My limited observation is that it doesn't teach him a bally thing unless he wants to learn. If he does, he will acquire philosophy, which will be a great help to him in meeting the buffets of Life. He will acquire knowledge of the root languages from which our tongue is derived and will always be able to express himself in words more clearly and accurately, whether the words be spoken or written. His mathematics will give him knowledge of logic and thus teach him to reason correctly, even though he may be unconscious of the fact that he is following the dry processes of that interesting combination of art and science. But, best of all, his four years of being on his own, in the social sense, mixing with young people of his own age, will, in the case of by far the greater number of our colleges, implant in his mind the fundamentals of that democracy upon which our national life is based.

Of course, no young man comes out of college with any of these things written out on his diploma, but when he gets down to business, he has them for equipment. He may or may not know he has them, at first, but they will show up just as soon as he enters the great competition and he may go on all his life utilizing them without ever ascribing his possession of them to his four years in, perhaps, some lowly fresh-water college. All this, you will note, is said of the young fellow who *wants to learn*. In the case of the others, nothing doing. They will never get anywhere until they wake up to the fact that to deal successfully with their fellows in the hourly grind of the modern competitive system, they must be equipped (1) to think clearly; (2) to reason correctly; (3) to express their ideas accurately; and *also* (4) to know really what they are talking about. The first three come naturally to but one mind in millions. Even that mind can utilize its capacity far better after the college training. But *no man*, without the natural gift of the three qualities and without the training that will develop him (which cannot be obtained anywhere except in a school beyond the high school) can hope to equal the man who has had the training.

Here's one way in which business and the college are trying to close up the gap, to cut down the "unlearning" process to which reference has been made. The letter comes from J. A. Shields, president of the Indiana Manufacturers' Association:

It may be of interest to you to know that this association has a very active committee, known as the Educational, or Purdue, Committee, that has for some years been cooperating closely with Dean A. A. Potter, of the School of Engineering, Purdue University, Lafayette, Ind., and has accomplished some splendid work along the line of cooperating with Purdue in the turning out of "made-to-order" men for special positions in the industries of this state.

### Unemployment Insurance

THE BUILDING up of a permanent body of skillful workers is one task to which every employer sets himself. "Turn-over" and "turnover costs" are everyday terms of modern business management. In times of depression the capable employer goes to great lengths to keep the worthwhile men in his plant.

Much has been written as to how "lay offs" due to lack of work should figure in reckoning turnover, but it seems certain that every ending of employment costs money, to hirer, worker and public, and every move which tends to permanence is a saving to the same three.

One chief move is insurance against unemployment, and for some months a group



of Pennsylvania business men has been seeking light on that subject. The seekers were a committee of the Business Problems Group, an organization made up of representatives, mostly principals, of some sixty businesses which are owned and managed chiefly by Quakers.

This group has been in existence for four years and was formed to study human relations in industry with the hope of improving them in the direction of Christian ideals. This committee was made up of the following members:

Charles Evans, Stokes and Smith Company;

Edward W. Evans, Lawyer;

Arthur C. Jackson, Miller Lock Company;

Morris E. Leeds, Leeds & Northrop Company;

M. Albert Linton, Vice-President, Provident Life and Trust Company;

J. Edgar Rhodes, J. E. Rhodes & Sons;

Joseph H. Willetts, Professor, Wharton School of Finance and Commerce, University of Pennsylvania.

This committee seeks to answer these two questions:

What kind of unemployment insurance plan might be practicable for such businesses as are included in the Business Problems Group?

What information should a company secure with reference to unemployment among its own employees before it undertakes to establish any permanent unemployment insurance?

For the answer to the first question, recourse was had to plants where unemployment insurance was in effect, such as Rowntree & Co., The Dennison Manufacturing Company, the Dutchess Bleachery and to the British Unemployment Insurance Act and to the legislation of a similar nature proposed in Wisconsin and Massachusetts.

Data on which to answer the second question were gathered from four Pennsylvania companies, makers of box-making machinery, leather belting, locks and hardware and electrical measuring instruments. In three of the cases the records of unemployment went back to the start of 1910; in the fourth the figures only began with 1915. With these figures the investigators worked out these percentages of the usual payrolls which would be required to pay unemployment benefits yearly:

	Per cent
Makers of Electrical Measuring Instruments .....	3
Makers of Leather Belting .....	2.3
Makers of Box-Making Machinery .....	2.6
Makers of Locks and Hardware .....	3.7

These last figures, as might have been expected, are for the company whose records back through 1915 only, were utilized. The years 1918 to 1921 were seriously upsetting to any calculations as to unemployment. These figures, furthermore, were all made with a view to computing the maximum amounts which might be required for unemployment benefits and in actual practice should be considerably less.

The investigators were thoroughly convinced that employers ought to get to work to lessen the evils of unemployment and feel that unemployment insurance was one method of attack. They do not believe that such insurance, however, can be undertaken by any group of employers because of a lack of information on which to base actuarial calculations, nor would they advocate that any company assume any general liability to pay unemployment benefits. What they do believe is most practicable is this:

For a company individually to make a beginning in unemployment insurance by the establishing a fund for the payment of cer-



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tain benefits, and limiting all liability to the fund itself. The benefits payable would be such as the fund would provide, but there would be no liability for any payments beyond this. The suggestion is made that a comparatively small amount of money might be set aside at first and added to as it became necessary.

The investigators do not believe that the amount of unemployment is so great as to make the experiment impracticable. On the three companies referred to above whose data covered the whole period 1910 to 1921, the risk for that time did not exceed 3 per cent and for the more normal years of 1910 to 1917 it was not above 2 per cent of the payroll of the companies. There is a need for far more information on the whole question of unemployment insurance, and it is hoped that many more companies will aid in compiling the needed data.

Here are some tentative suggestions of what to do and what not to do in establishing unemployment insurance:

a. *How shall the sum be raised?* By setting aside in good years a sum sufficient to build up a fund from which benefits may be paid to those laid off for lack of work. It is not desirable that the employees should contribute to such a fund. One outstanding reason is that employers have control over unemployment and the employees have not. There are the added dangers of trouble from men who have paid into an unemployment fund and then leave or are discharged for reasons other than lack of work; of the tendency of men to lapse

in payments when work is plentiful. There are reasons why, in plants where there are works committees or similar bodies, the men should be consulted as to the administering of the fund.

b. *Who shall be benefited from the fund?* In general, employees of say 18 or 19 or over, who have been in the company's employ on whole time work for a fixed time, sufficient to establish permanence, and who do not get more than \$50 a week. These provisions are suggestions and all would be subject to conditions in different plants.

c. *How much shall the beneficiary get?* Fifty per cent of regular fulltime wages plus 10 per cent for a dependent wife and 5 per cent for each dependent child, the whole not to exceed 75 per cent of the regular wages.

d. *How long shall the benefits last?* Fourteen weeks has been suggested as a reasonable length of time except in special cases. Concerns which already have unemployment insurance plans differ in this. Rowntree & Co. calculate the benefit this way: one week for each two months up to two and one-half years of continuous employment immediately before unemployment and after employee is 18 years old, plus one week for each complete year of employment over two and one-half years.

e. *Who shall be entitled to unemployment insurance?* Men who did not leave the company at their own volition or through their misconduct, and who are able to work but unable to find work. They must use their own best efforts to find work and must make a weekly report to the company of their efforts to secure new work. If a man succeeds in getting 75 per cent of his regular wages when laid off he is not deemed to be unemployed.

# Nation's Business Observatory

THERE is a natural reluctance on the part of the trade press to comment, save with the utmost caution, on two such kaleidoscopic affairs as the railroad and coal strikes. Yet there are not lacking expressions of approval of the action of the railroad executives in refusing a settlement that would restore seniority rights to the men who walked out.

As might be expected the railway trade press upholds the executives, and its comment may be of interest as showing the importance of the seniority issue. Says *Railway Age*:

It is plain that President Harding, in proposing his plan, did not fully realize how he was asking railway officers, both high and low, to sacrifice their personal honor, and that he was profoundly impressed by the menace to the country's welfare presented by the coal strike, the shop employees' strike and thinly veiled threats from high labor union sources to call sympathetic strikes in other industries if these strikes are not settled satisfactorily to the labor leaders. By a curious coincidence President Wilson, in urging the railway executives in 1916 to grant the basic eight-hour day, and spokesmen of the Harding administration, six years later, in urging that striking railway employees be taken back with their full seniority rights, have used the same argument—namely, that the railways should accept the terms proposed to help save the country from a great disaster due to the attitude of organized labor.

If a great disaster can be averted only by railway officers violating solemn promises they have made in order to keep the railways running and thereby sacrificing their personal honor, the disaster is so near and so inevitable that no sacrifice or concession that the railways or their officers could make would avert it. But President Wilson was unduly alarmed in 1916, and some other persons are unduly alarmed now. There was no real occasion then, and there is no real occasion now, for

surrender to men who refuse arbitration of differences with their employers, or who refuse to accept the results of such arbitration.

The only safe course for the government is to insist upon full compliance with the awards of the Railroad Labor Board and complete protection of those who have been willing to work under those awards. The only safe and honorable course for the railway managers is to keep the promises they have made to the men, without whose loyal work they could not have kept the railways running. If organized labor has become so strong and reckless that it can bring disaster on the country because the railway managers will not commit an act of perfidy and dishonor to which the government itself would be a party, then a surrender to the unreasonable demands of organized labor would prove a far greater disaster to the country than any disaster which organized labor's own acts could bring upon it.

The same point of view is taken by *Railway Review* which says:

Fair dealing toward the men who have taken the places of those who quit work and declared their connections with the railroads severed, would mean that the pledges made them by the government and the railway managements must not be treated as "a scrap of paper," but should be honorably kept. The government, through the president, had declared that the new employees "have the same indisputable right to work that others have to decline to work," and the Labor Board, on July 8, stated "that they have the moral as well as the legal right to engage in such service of the American public to avoid interruption of indispensable railway transportation and that they are entitled to the protection of every department and branch of the government, state and national." On the strength of these official utterances from Washington and Chicago the railroads employed new men on terms which were based on these pledges of official protection. To repudiate the promises of permanent employment and seniority rights given to the new men



with the express approval of the government would be destructive of morale and discipline among all the working forces of the railroads, whether employees or officials, and regardless of the loyalty and sacrifice of those who lent aid in time of trouble.

Nor was approval confirmed only to the railway press. Writing on the eve of the rejection by the executives of the administration proposal, *The Iron Age* said:

The urging of various editorial writers in the daily press that with a compromise in sight on all but seniority in service, that issue must not be allowed to prevent a settlement has plainly implied that the railroad executives should recede from their stand on this question. With entire justice the president of the New York Central has replied, "It is the solemn duty of the roads to be loyal to the men who were loyal to them." And another railroad president has said: "It is not an academic question. We have given our word of honor to the new men, guaranteeing their seniority over old men coming back." Still others have pointed out that they were triply bound to protect their new employees—first, morally, second, by written contract, and third, by the decision of the Railroad Labor Board to rank new men immediately after old men who remained loyal.

At this writing conferences are still on, and it is not known to what extent the men, who came to the help of the railroads and of the whole people, are to be sacrificed to the demands of those who set at naught the decisions of the Government, expressed through the Railroad Labor Board.

*The American Metal Market* speaks of the "deep feeling of relief" at the rejection of the compromise and asks:

What was this proposition but a basis for establishing a great precedent, that under the Transportation Act strikes are condoned, not through the medium of the employers making a concession to labor, which employers sometimes do, expecting to pass the cost on to the public, but through the medium of the very department of the Government that is charged with the duty of executing the Transportation Act as well as the other laws of the country urging that this crime under the Act be perpetuated?

The argument against acceptance of the proposal would be amply strong if one considered merely the thousands of men whose word had been pledged, under the authority of the Transportation Act and the utterances of the Railroad Labor Board, that those who remained in employment and those who accepted employment would not have strikers set over them later. At the meeting of the railroad executives to consider the proposal, President Smith, of the New York Central, threw on the table 400 telegrams from foremen and supervisors saying they would have to resign if the seniority ranking of these strikers were returned. Resignations would be wholesale. The men were within their province when they promised and there would be no way out for them.

### **Autos Grow in Number But Prices Are Dropping Again**

THE first of August brought a number of price cuts in well-known makes of automobiles, but the industry as a whole does not seem depressed by the outlook. *Automotive Industries* has been reckoning up the gains for the year ended June 30, with results thus summarized:

On July 1, 1922, there were 1,350,552 more cars and trucks in the United States than on July 1, 1921. This is a gain of 14.6 per cent over the mid-year figure of 1921 and indicates that the final 1922 statistics will record another marked increase in motor vehicle registrations.

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Already the December 31, 1921, total of 10,505,660 has been exceeded by 102,467. Thus, all the registrations made during the last six months of this year will represent an increase over the 1921 total.

There were 10,608,127 cars and trucks registered in the United States on July 1, 1922. Fees collected have totaled \$125,052,346, an increase of \$27,390,364 over July 1, 1921. There is now one motor vehicle for every 10.16 persons in the United States, using July 1, 1921, population estimates as a basis.

New York maintains its place at the top of the list with 812,138 cars and trucks, while Ohio is found as usual in second place with 760,000.

The largest gain over July 1, 1921, is recorded by New York, which shows an increase of 161,608. The largest percentage gain for the same period has been made by the District of Columbia, which jumped up 48 per cent. Tennessee follows with an increase of 35 per cent.

Six states show a smaller registration than last year at this time. Those which dropped were New Mexico, Wyoming, West Virginia, South Dakota, Utah and South Carolina. The total registration loss in these states, however, is only 13,093, so that the net gain over last July is not materially affected.

A very large number of states, however, have failed to reach a point as high as that of the final December 31 registrations of 1921. More than half of the states, in fact, are still below the 1921 total. This has not usually been the case, although a similar situation prevailed last year in July. Despite that fact all but four states recorded gains before the final count in December.

With this apparent increase in business what caused the August price declines? *Motor World* gives this answer:

When the downward revision began with Buick, Chevrolet and Oakland in the General Motors group and spread to Studebaker, Nash and Chandler and Cleveland, people asked: "Is it another price war—will it create uncertainty and retard sales as it did nearly two years ago?"

Most of the cars figuring in the present price reductions were among the leaders in production for the first half of 1922. It is known that the large production attained has afforded these makers the opportunity to increase production efficiency, and some of the companies have found means of materially lowering production costs.

To give the public the benefit of the increase in operating efficiency is sound merchandising and no dire results should be expected if the dealers sell the price reductions as the passing on to the consumer of the benefits of production economy.

This gives the price reductions a very different aspect from the one in the fall of 1920 when the public got the impression, and not without some justification, perhaps, that prices were being forced down by public clamor, and that the downward trend could be expected to continue so long as buyers held off.

So long as price reductions are the result of lowered production costs there can be nothing to fear.

The great danger would be in a price war—in the slashing of prices to force sales at the expense of a competitor—without a sound, economic basis for such reductions.

A somewhat similar explanation is given by *Motor Age*:

The business world apparently is mystified by these reductions. The trouble apparently is that business generally has never quite conceived the honesty of the automotive industry. In most cases, price reductions of vehicles have resulted from volume production which reduces the overhead cost of producing vehicles rather than from sales competition. The automotive manufacturers have been honest enough



to pass their savings on to the buyer, a position which puzzled many manufacturers in other lines.

Another feature that is not generally appreciated by manufacturers in other lines is that the automotive industry is constantly reducing manufacturing costs by improved production equipment and is passing this saving on. In the more settled lines of manufacture, this attitude also is a mystery.

One thing is significant. To a very large extent it is the companies that have been making the most money that have reduced prices, not those that are struggling for business and existence.

One question is raised by *Automotive Industries*, which says:

The price cuts may slow up sales for August but they will not have a really demoralizing effect unless they are followed by a second series of cuts. Such a move is highly improbable, however. Manufacturers now have their prices down to such a level that they can't go on indefinitely making them lower if they expect to operate at a profit. There are no companies in the field which expect to operate at a loss.

## Lumber Standardization;

### Who Opposes it and Why

THE RECENT meetings to bring about a higher degree of standardization in the lumber industry is thus described by *Lumber World Review*: "There has been nothing more important in all the history of industry." The same periodical gives this as primary proof of the need of standardization and the method of putting rules into force:

That lumber does need standardization is clearly indicated by a statement made by Banker C. P. Kendall of Jacksonville, Fla., in his banquet address at the recent cypress annual; which statement briefly was to the effect that in the cotton oil trade a broker can sell anywhere in the world a hundred barrels of "prime summer yellow," both buyer and seller knowing just what is meant. In case of a dispute a final arbitration without appeal may be had through the New York Produce Exchange, and it costs the loser \$15; and "there is never any talking back."

Of course the quality of a given grade of lumber cannot be regulated by exact chemical control. Of course a given grade is not an exact quality but merely a loose range of qualities between rather indefinite maximum and minimum limits set by the inspection rule. Of course no two trees and no two boards are exactly alike. But it is because of these very facts that the human authority which issues the edict that a given board belongs in a given grade should be generally recognized and accepted as the highest and most impartial that it is possible to establish. Hence we find Secretary Hoover, in addition to the three primary standards for size, quality and permanent identification of quality, in his later speeches of the conference expressing the conviction which he had apparently acquired from some of the bickering and dissension at the conference, that there should be a national supervisory center of authority and responsibility on lumber inspection.

From what sources then does the opposition to standardization come? The answer is given by *The Southern Lumberman*:

It is extremely unfortunate that so praiseworthy a movement as the plan for the standardization and simplification of lumber terms and grades should be hampered by the injection of false issues and by a too general misunderstanding of its purpose.

Only the other day we received a letter from a small pine sawmill operator in Florida, stating that he would probably be forced to go

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# The Road to Prosperity

Business is on the road to prosperity. It is a long uphill road, but business has climbed it many times before and will do so again.

A period of recovery always means hard work and close economy.

Reserves must be reestablished, dollar by dollar; unemployment abated, man by man; new markets won, customer by customer.

Sound business policy will not seek easy avenues to success but will organize and develop resources of money, equipment and selling power for a long hard pull.

Above all, there must be frugality—in individual business and national expenditures. The world is poor and self-denial is prerequisite to its recovery.

The National Bank of Commerce in New York believes progress toward better times depends upon industry which creates more than it consumes, upon business which thrives because it serves. The reestablishment of prosperity demands general acceptance of the principle that what is best for the country is best for business.

## National Bank of Commerce in New York

Capital and Surplus Fifty Million Dollars



out of business in a few months as he would not be able to maintain at his mill an official inspector in line with the standardization plan being worked up by the big millmen to put the small operators out of business. Some users of lumber have professed to see in it a cunning scheme to regulate prices. A surprising number of wholesalers seem to entertain the opinion that the underlying idea of the whole thing is to "put the wholesalers out of business," as they express it. All of these ideas are erroneous and much to be regretted. The standardization movement, as we understand it (and we think we understand it), does not contemplate any of those undesirable ends.

The misconception among the wholesalers appears to be particularly prevalent, although the leading associations of wholesale lumbermen are taking part in the movement. Many individual wholesalers, however, have misgivings which they can safely cast aside. So far as we know, with the exception perhaps of two or three individuals, there is no movement afoot and no desire to put the wholesalers out of business.

The fact cannot be stated too emphatically that the standardization movement does not seek to impose any added burden on the small manufacturer, has not the remotest idea of affecting prices in any way, and will have no effect on the wholesalers except that it will make hard sledding for the man who wants to buy lumber of one grade and sell it for a higher grade.

### How Is Average Income

#### Divided Among States?

THE first number of the *News-Bulletin* of the National Bureau of Economic Research announces the publication of a report entitled, "Distribution of Income by States." Here are some of the conclusions reached as reported by the *News-Bulletin*:

New York leads the states with a total income of \$9,047,839,000, which is more than one-eighth of the total national income, while Nevada brings up the rear with \$65,791,000, according to the bureau's report on "Distribution of Income by States" which has been prepared by Oswald W. Knauth.

While per capita income in the United States as a whole in 1919 was \$627, in the region embracing the Pacific States it was \$796 and in the Middle Atlantic States it was \$783. These high figures are in striking contrast with per capita income of \$463 in the South Central States and \$364 in the East South Central States.

The total income in the various states shows even greater extremes, owing to the disparity of population. The people of the Middle Atlantic States alone received more than one-fourth of the entire income of the country in 1919, and with the East North Central States received nearly one-half of it. On the other hand, the people of the twelve Southern States, comprising more than 21 per cent of the population, received less than 15 per cent of the total national income.

New York again heads the list of per capita incomes, with \$874. Nevada, California, Delaware, Wyoming and Massachusetts are next with per capita incomes around \$800. The average income of the gainfully employed shows variations from the per capita income, due to the wide differences in the character of the employment of the population of the various states. South Dakota and New York head the list with just over \$2,000, while at the other hand Alabama and Mississippi are both under \$900.

The wide variations in the incomes of farmers are well known, but how wide these differences are may be a surprise. Farmers in the Pacific States in 1919 had an average income of over \$2,800; in the West North Central States their average was \$2,300. These figures may be contrasted with the average of \$1,160 for farmers in New England, \$1,340 in the



South Atlantic States and less than a thousand in the East South Central States.

Income as defined in this report is the money value of all the goods and services produced during the year. The sources on which the estimates are based are the Income Tax Reports, Census Reports, wages, data, reports of the Department of Agriculture and statements of corporations.

## Great Britain Also Has a Trade Association Problem

ENGLAND has its trade association problems, and the president of the Board of Trade has been asked in the Commons when the government was going to control such combinations.

A recent issue of the *Manchester Guardian Commercial* thus reviews the situation in Great Britain as affecting such bodies:

Unquestionably many trade organizations, particularly the older bodies, are legitimate in their activity, but some, while working under articles expressing lawful purposes, are suspected of engaging in activities contrary to and outside of the purposes of the association. Moreover, there is the type of organization which, while having legal form and the activities of its officials defined clearly within the four corners of its charter, yet permits a group or a number of groups of its members by unrecorded conference to use for improper purposes information secured by the association. It is therefore difficult to distinguish between the good association and the bad, between the lawful actions of the officials and the questionable acts of the groups of members, and sometimes also between the constitutional activity and the actions which may be regarded as foreign thereto.

To a large degree these associations, apart from the research societies and the like, are manufacturers' and merchants' associations, described by the man in the street as "combines," whose main object it is to abolish competition among the members, control production and sales, and regulate prices. And woe betide any trader who has the hardihood to refuse to join such combine when "invited" to do so.

Some industries, notably the iron and metal trades, are honeycombed with associations. A competent authority gives the number of organizations in the metal trades at nearly 500, "most of them formed within the last quarter of a century."

There is evidence that the coal, building, clothing, and food trades are all to a greater or lesser extent under the control of the associations, distributive as well as manufacturing. A firm which packs a certain well-known article advertised the retail price of it in the newspapers, and immediately the members of a trade organization, which disavows any intention of fixing prices, jointly sent a letter to the packers saying that the goods in question would be put in the cellars and not sold until such time as the packers advertised a retail price which would give the retailers a reasonable profit. Yet the profit already provided was 15 per cent on an article which sells so quickly that the capital employed by it is turned over ten or twelve times a year. Is it any wonder that today the packing firm is undergoing financial reorganization? It is not suggested that the retailers' action is wholly responsible for this, but there is little doubt that it was a contributory cause.

To some extent the Government is to blame for the present position, because during the war it drove traders into associations for the purpose of "national bargaining." In the same way and for the same purpose workmen were driven into trade unions. The Federation of Grocers' Associations of the United Kingdom says frankly that the successive Food Controllers were the finest trade organizers that the food industry ever had.



## We made the most successful industrial motion pictures produced during 1921

### "Across the Atlantic on a Giant Liner"

A delightful scenic, for the International Mercantile Marine Company.

### "Scientific Protection"

Showing the history and development of the safeguarding of valuables, for the Movier Safe Company.

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A lesson in dental hygiene, made for Colgate & Company.

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The story of Spredit, our margarine, to help solve the sales problems of E. A. Stevenson & Company.

### "The Making of Soap"

An educational film for Kirkman & Son.

*These five are merely typical.*

OUR Industrial Department is equipped to render to the advertising and sales departments of manufacturers, trade and public welfare associations and public service institutions a complete service, including writing the scenarios, taking the pictures, making the prints, arranging distribution and supplying New Premier Pathéscope projectors.

The New Premier Pathéscope can be used by any of your men, anytime, anywhere. It is so *exquisitely built* that its large, brilliant, flickerless pictures amaze expert critics. It operates on any electric light current, or from a storage battery. Weighs

only 23 pounds; can be carried in a small suitcase.

The New Premier Pathéscope uses only "Safety Standard" narrow-width film. The Underwriters Laboratories, Inc., have set their Approval Seal on every "Safety Standard" film and Pathéscope projector. **They are safe.** No fireproof booth or licensed operator is required.

Ordinary film is dangerous and the use without a fireproof booth, of any projector capable of using inflammable film is a violation of State, Municipal and Insurance restrictions, no matter by whom approved.

The New Premier Pathéscopes are used with eminent success by the following concerns, most of whom selected the Pathéscope after careful comparison and many after unfortunate experiences with other portable projectors.

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Balsack & Wilcox Company  
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Economist Film Service  
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Lock Joint Pipe Company  
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## Business Men Were Asked: "What Magazine Do You Like to Read?"

(Test Number Three)

Every publisher knows that a strong editorial content and a fine circulation list are only half the story. Something else about a magazine makes it register strongly or otherwise. Just as some men may have a wide acquaintance and still not be good at introducing you to those acquaintances, so magazines differ as to personality and introducing power.

We are glad to have additional evidence that *The NATION'S BUSINESS* possesses this introducing and registering power. Here is an investigation conducted without our knowledge. Business executives in 85 of America's largest corporations were asked what magazines they preferred. The president, the chief mechanical engineer, the vice-president, general manager, operating and consulting engineers and purchasing agents made up the list of those asked in each corporation.

The results follow:

### An Independent Analyst's Test\*

	Circulation	Vote
Saturday Evening Post . . . . .	2,111,834	142
Literary Digest . . . . .	1,426,000	138
National Geographic . . . . .	734,000	100
American Magazine . . . . .	1,750,489	83
Power . . . . .	25,573	68
<i>The Nation's Business</i> . . . . .	75,000	61

(Sixth among 24 magazines)

*For reaching the General Business Market, which magazine should be ranked number one?*

**THE NATION'S BUSINESS**  
WASHINGTON



# Reviews of Business Books

**W**AS THE World War a source of material profit or loss to the United States? That is a question which bulks large in Walter R. Ingalls's "Wealth and Income of the American People" (G. H. Merlin & Co.). Mr. Ingalls is not unmindful of the work of the National Bureau of Economic Research, which devoted its first studies to the income of the United States and a summary of whose work was printed in the March issue of this magazine.

Mr. Ingalls accepts in general the bureau's figures as to income, putting it at \$61,000,000,000 for 1918 and \$66,000,000,000 for 1919. Most of his work is devoted to a computation of the wealth of the United States which perhaps we can sum up in these two quotations:

We may arrive roughly at an estimate of \$230,000,000,000 to \$235,000,000,000 for the national wealth at the end of 1912.

In the aggregate my estimates for the internal wealth of the country come to a little more than \$268,000,000,000 at the end of 1916, and \$272,000,000,000 at the end of 1920, there being an apparent gain of about \$4,400,000,000. If it were possible to make a more exhaustive investigation and a stricter analysis, I think it likely that this apparent gain would disappear. . . . From 1916 to 1920 the physical assets of the United States increased to only a trifling amount if, in fact, they increased at all.

In that last sentence lies the germ of much of what Mr. Ingalls has to say. In a subtitle he describes his book as "A Survey of the Economic Consequences of the War"; and he stresses his belief that war left us poorer in property and poorer in our ability to produce. He seeks to show "that the world became enormously impoverished by the war, and that although the United States suffered less than any other country that was engaged, its position did not escape impairment."

Mr. Ingalls, moreover, sees us as a nation that has acquired bad habits, bad habits of working and bad habits of spending. On that latter point he recalls that out of "a gross national income of \$33,000,000,000 to \$34,000,000,000 in 1912-1914, we used to spend about \$27,000,000,000 for living expenses and save about \$7,000,000,000, out of which we provided the new houses, railways and other essential things needed by the public."

Now Mr. Ingalls figures that out of a national income of \$66,000,000,000 in 1919 (an increase attributable chiefly to inflation of prices), we spent about \$11,500,000,000 for governmental and luxury expenses which he divides as follows:

Government .....	\$6,500,000,000
Theatrical .....	750,000,000
Luxuries and semi-luxuries .....	1,250,000,000
Automobiling .....	3,000,000,000

Mr. Ingalls sees our national income dwindling with deflation to the \$37,500,000,000 which he has accepted as the 1914 figure. Then he reasons thus:

It is perfectly clear that out of an income of \$37,500,000,000 we cannot spend \$11,500,000,000 for government and luxuries and at the same time save anything for capital accumulation.

There are certain deductions that may be drawn positively as follows:

1. The cost of living to the American people as a whole cannot possibly have risen so much as commonly represented, else they would not have had so much available for increased luxury.
2. Extravagance has been at the expense

of capital accumulation, evinced among other things particularly by the decline in house building. Utilization of the normal surplus obscured this for a while.

3. A deflated gross income is not going to be sufficient to provide us with both houses and automobiles; or a riot of moving pictures.

4. Curtailment of governmental expenses and the enjoyment of luxuries will be enforced. The Federal government is already striving for this. The state and municipal governments have not yet been sufficiently impressed. As for luxuries, the internal revenue collections for the year ended June 30, 1921, as compared with June 30, 1920, showed reductions in the purchases of cigars, cigarettes and tobacco, automobiles, tires, pianos, and furs, but there were increases in theatrical admissions and soft drinks.

5. With a national income diminishing from the maximum of 1920, the wages for labor cannot be maintained at the rate of 1920.

## Chain Stores

**R**EADERS of The NATION'S BUSINESS will remember the very comprehensive and instructive address on Chain Stores made by Paul H. Nystrom before the Domestic Distribution group at the Annual Meeting of the National Chamber, at Washington, in May. We have here another extremely valuable treatise on Chain Stores which has been greatly needed and which discusses the subject intimately for the benefit of all merchants who are either brought into competition with Chain Stores, or who may find it desirable to ally themselves with the movement.

The book is "Chain Stores" by Walter S. Hayward and Percival White, published by the McGraw-Hill Book Company, New York.

The authors have performed their work so well and so thoroughly in a general sense that we can find no fault with the book as a whole. Such faults as are discoverable are sins of omission. Of these the most serious is the absence of adequate analyses of the newest chain store development—the store upon wheels. In California, in Ohio and in New York, not to mention other localities, these chain-traveling-stores apparently are successful; but whether or no, the reasons why or why not are a matter of general concern. In some localities we know, ordinances have made it impossible for them to operate and in the next edition, which we feel sure will be required, we hope that this topic will be included, since distributors in general will be benefited by whatever information the authors can collect upon this subject. So much for adverse criticism.

Every page of this book demonstrates the care and intelligence with which it was planned and written. The language is simple and clear and the outlines of the problems at the head of each chapter are not only somewhat novel in form but serve as a guide toward the convenient use of the book for reference.

Although the book deals with chain-store problems, many of the principles are just as applicable to the successful operation of independent stores. For example:

Chapter III. Locating the Store.  
Chapter VII. The Sales Problem.  
Chapter VIII. Competition.  
Chapter IX. Pricing and Turnover.

These are not selected but capture the eye in merely looking down the table of contents.

After discussing the general problems of chain store organization, management, financing, et cetera, the various kinds of chain



## Fares Reduced to South America

**A** NEW age of travel to South America has begun. A few months ago the U. S. Government allocated four superb sister ships to the South American trade. They are by far the most luxurious on the run.

Almost immediately they set a new record for speed. Rio de Janeiro is now only 11 days away. Montevideo and Buenos Aires are but a few days beyond.

They have set a new record for service. The Munson Steamship Lines which operate the ships for the U. S. Government have perfected the service after 50 years experience.

Now, the fares have been cut to rock bottom.

The great Centennial Exposition at Rio de Janeiro is attracting thousands of visitors from all over the world. If you are planning to be one of them—if you wish to investigate trade opportunities or revel in the glories of the tropical scenery send the information blank below.

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Send the information blank below now! You will receive a valuable travel booklet and full particulars about the United States Government Ships and the new low rates. You will be under no obligation. If you are interested in travel to other lands than South America send the information blank anyway. Indicate where you wish to go.

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S.S. American Legion	September 30th
S.S. Pan America	October 14th

Fortnightly thereafter

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## To Insure Profits

### Plan Your Budget on Sound Cost Accounting

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PROFIT, in a large measure, is the elimination of LOSS. To be eliminated, Loss must be accurately detected.

Adequate Cost Accounting—Accounting Control—locates Loss, shows where, how, when, and in what amount it occurs, and points out the remedy.

Only thru Cost Accounting can the factors that enter into the Budget—always planned to insure Profits—be determined and controlled.

Present business conditions demand adequate and sound Cost Accounting, devoid of frills, and administered by a competent organization of experts of wide and varied experience.

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PROVIDENCE	ST. LOUIS	DETROIT	RICHMOND	HOUSTON
WASHINGTON	KANSAS CITY	CINCINNATI	BALTIMORE	GENEVE

### BUSINESS STUDIES

A number of pamphlets are available for distribution by the Chamber of Commerce of the United States. There is given below a list of some of the booklets. One copy of each will be sent free on request. A nominal charge amounting to the cost of printing will be placed on additional copies.

**Our World Trade**—January to March, 1922.

**Free Zones**—What They Are and How They Will Benefit American Trade.

**International Credits**—Referendum No. 1, issued by the International Chamber of Commerce on the application of the Tor Meulen Plan.

**Fabricated Production Department**—Its service to those engaged in manufacturing and production.

**The Railroad Situation**—Statement of Secretary of Commerce before the Interstate Commerce Commission.

**Trade Association Activities**—Correspondence between Secretary of Commerce Hoover and Attorney General Daugherty on Legitimate Activities of Trade Associations.

**Overhead Expenses**—A Treatise on How to Distribute Them in Good and Bad Times.

**Depreciation**—A Treatise on Depreciation and Production.

**Reduction of Merchandising Expense**—Methods which Distributors Are Applying to Ease the Process of Readjustment.

**Why a Merchant Marine**—Reasons why privately owned merchant marine is a national necessity.

**Merchant Marine**—National Chamber's Facilities—Report of Chamber's Committee.

**Commercial Arbitration**—Statement of the Field of arbitration and draft of plan.

**Schools of Your City** (II)—Health and Physical Education.

**German Competition**—Movement of trade as indicated by official statistics.

**Perpetual Inventory or Stores Control**—How to keep investment in materials and supplies down to the minimum consistent with efficient operation.

**Industrial Development**—Activities undertaken by Chambers of Commerce.

**National Obligations to Veterans**—The costs of war borne by the States and the government.

**Treaty Ratification**—Report of the Committee on Foreign Affairs regarding ratification of the several treaties of the Conference on the Limitation of Armament.

**Department of Commerce and Trade Associations**.

**Merchandise Turnover and Stock Control**—Knowing what is taking place, while it is taking place. Study by Domestic Distribution Department.

**Analysis of the Senate Tariff Bill**—Showing wherein it meets or fails to meet the tariff policy of the Chamber of Commerce of the United States.

**National Councilors' Service Opportunity**—Address by A. C. Bedford at National Council Meeting of the United States Chamber of Commerce.

**Analysis of the Senate Bonus Bill**—Outline of provisions with estimate of cost.

stores are described and the statement on the last page epitomizes the whole subject. "There is great opportunity existing, not only in old fields but in new and yet untouched fields. To capitalize these opportunities, it is necessary to heed carefully the methods and practices of others who have already been successful. It has been the purpose of this book to set forth, in so far as possible, the primary rules to be observed in conducting any chain enterprise as illustrated by the example of those who have been most successful." The book has done this with eminent success, and is especially valuable because it stands practically alone as a textbook on chain stores and the problems connected with them.

There is no dearth of illustrations and on the other hand no suggestion that illustrations have been used to pad the book. Indeed, there is one class of illustration which might—and we believe should have been accentuated. We refer to the value of graphical representation of statistics, the understanding of which is growing among business men and the importance of which is not likely to be exaggerated.

A bibliography concludes the book and although most of its contents are magazine and trade journal articles there are some books mentioned which deal principally with the general problems of marketing.

### Two Books on Buying

THIS Buyers' Market brings blinking from his cubby-hole the Purchasing Agent and sets him up in a big office with an organization chart nearly a yard long.\* Books blossom forth for his guidance, and strangely enough, in the maze of books that have had to do with the principles of selling these are practically the first books on buying ever published.

Mr. Dinmore, purchasing agent of the University of Chicago, tells interestingly, and evidently from his own experience,† how to go about the purchase of such technical products as paper, coal, lumber, textiles and steel. The book is readable, yet it sticks.

Miss Hysell's "Science of Purchasing," more pedagogic and consequently more thorough, is to our mind a really comprehensive textbook on a newly discovered science.

This year's operating statement, although it may not be marked by increased sales income, may still show a profit through the help of a more intelligently operated purchasing department.

\*Page 2, "The Science of Purchasing," by Helen Hysell (D. Appleton & Co.).

†"Purchasing Principles and Practices," by John C. Dinmore (Prentice-Hall, Inc.).

### A Study of Employers' Associations

EMPLOYERS' ASSOCIATIONS have not received the description in books that they deserve, and that employees' organizations have had, according to Dr. C. E. Bennett, Professor of Economics in Tulane University. A volume entitled "Employers' Associations in the United States: A Study of Typical Associations," has therefore been prepared by Dr. Bennett, and published by The Macmillan Company.

The author begins by recording a belief that there is general ignorance about employers' associations and their activities. This point of view may explain a certain discursiveness, which causes each chapter to end with a bewildering mass of notes containing references to support quotations and statements. These notes may assist students who wish to use the book as a starting point for some inquiries of their own, and they show a deal of industry among documents



by the author, but it is questionable if the ordinary reader looking for light will find it, or any association that is described will ever find the leisure in a work-a-day world to unravel these references to its publications and check the conclusions. To an extent, the volume belies its title by being more of a "source book" than a study.

The author would not have it understood, however, that he obtained information only through printed literature of associations. He likewise had interviews with many leaders in employers' associations. At the same time, he obviously places much store by the citations and consequently tends to get into minutiae. As an employers' association is one of several forces in a situation, a perspective which would take in the whole situation and place before the reader more of the economic significance of the associations' activities and the results, would have assisted the reader who is prepared to go through the book but not to enter upon extended studies of his own.

There is another difficulty about the method that is used in this volume. A series of fragmentary quotations from the statements of many individuals, more or less connected with organizations, may convey impressions which the organizations themselves will find are incorrect. Incidentally, the method used may in part account for the author's conclusion that there is much confusion among employers' associations regarding the issues with which they deal. Possibly, though, some confusion is inevitable in a study of employers' associations, or any other kind of institution, when the attempt is to cover within one volume all types, ranging from those that are local to those which are national for a group of trades and those which are inclusive nationally of all manufacturing industries, and even though the selective principle is used.

Among the associations selected for chapters are the Associated Employers of Indianapolis, the Building Trades Employers' Association of New York, the Stove Founders National Defense Association, the National Metal Trades Association, the American Newspaper Publishers Association, the National Association of Manufacturers, the National Industrial Conference Board, and the National Civic Federation. Events progress so fast that occasional footnotes are used to keep the book from getting out of date while it was in the hands of the printer.

### Other Worthwhile Business Books

**INCOME TAX PROCEDURE—1922**, by Robert H. Montgomery. The Ronald Press, New York. Price, \$10.

A volume of nearly 2,000 pages covering the federal income tax law of November, 1921, in its relation to individuals, partnerships, and corporations, with the latest Treasury ruling.

**ON FOREIGN TRADE**, by Howard C. Kidd. Prentice-Hall, Inc., New York, N. Y.

A working basis for the study of foreign trade with a discussion of its post war problems.

**BUSINESS FORECASTING**, by David F. Jordan. Prentice-Hall, Inc., New York, N. Y.

A study of the fundamental factors which influence changes in business conditions, and an effort to foreshadow future developments from them; a sincere attempt to avert loss and enhance profits by the utilization of business knowledge.

**PULLING TOGETHER**, by John T. Broderick. Robson & Adey, Schenectady, N. Y.

A discussion of employee representation as a remedy for disturbed industrial relations by a former secretary in the executive department of Marshall Field and Company; with an introduction by Dr. Chas. P. Steinmetz. A valuable contribution on a most timely subject.



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**CLEAN FLOORS!** Business as well as the home, now demands them!

For its influence on employees, on patrons, on product, on profits, the business man can no longer ignore the problem of **CLEAN FLOORS**. There are no degrees of cleanliness. Floors are **CLEAN**—or they are not clean. As long as grime, grit or soap film remain in cracks, corners or on the surface—the floors are not **CLEAN**.

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## There is no excuse for Dangerous, Slippery Floors

The architect's desire for an artistic and slip-proof floor can now be satisfied, no matter what color scheme is his hobby. A slip-proof floor is a safeguard against accidents and waste through compensation and medical expenses.

### ALUNDUM SAFETY AGGREGATE TILE

the very newest development in a safe, slip-proof durable floor, meets a long-felt need.

Beautiful effects result from bonding together marble chips of various colors and Alundum Safety Aggregates in desired combinations to harmonize with any interior decorations.

The method of manufacture produces a floor that is uniform in structure, with a surface that can be cleaned.

It is suitable for buildings of all types—in entrances, corridors, wash rooms, cafés and on stairways.

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## England's Economies in Sunlight

DAYLIGHT SAVING in England passes under the term of summer time. It has been under consideration in the British Parliament, where new statutory authority has been given.

It seems there is something of an agricultural bloc in England, too. Its activities resulted in shortening the period for early rising by three weeks at each end. In other words, England, with its high latitude, and the consequences upon the relative length of sunlight and darkness, will next year begin daylight saving late in April and end it early in September.



### The Gasoline Pump in Court

THE GASOLINE PUMP which is more of a feature of our highways today than watering troughs ever were in an earlier generation has now been before the federal courts, and may yet gain the attention of the Supreme Court.

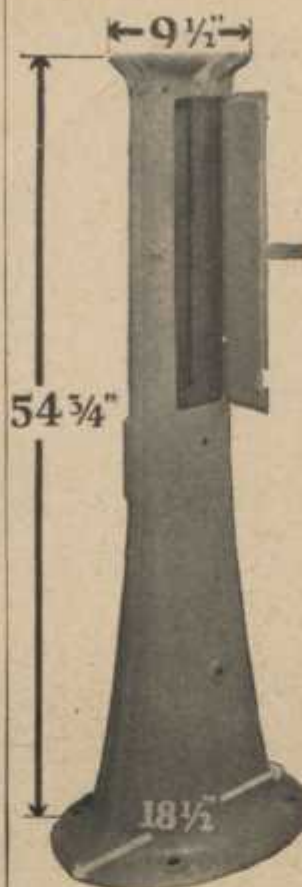
The case arose from a decision of the Federal Trade Commission. In the opinion of the commission it was an act of unfair competition for an oil company to lend a pump to a retailer on condition that through this pump the retailer would dispense only the company's gasoline. The commission thought, too, that there was violation of the portion of the Clayton Act which forbids "tying clauses," i.e., the lease or sale of an article upon condition that there would be dealing in the commodities of no one else.

The Circuit Court of Appeals at Philadelphia thought otherwise. Agreeing that there was a public interest in the matter, the court declared there was no evidence the public had been injured, either through increased cost of distribution or by reason of enhanced price of gasoline to the public; on the contrary, the cost of distribution had been lessened. The court reasoned that enforcement of the Trade Commission's conclusions would result in the public paying higher prices for its gasoline. In the old days, the oil companies had sold kerosene in barrels, and kept ownership in the barrels. Later, they had sold gasoline in steel barrels, and kept ownership in the containers. The volume of the demand for gasoline had outrun the possibility for using barrels, and the pump with its reservoir had taken their place.

Dealing with the technical question of unfair competition, the court began by referring to the Supreme Court's declaration that it is ultimately for the courts, not the Trade Commission, to decide what is unfair. In the present case the court did not perceive unfair competition. There was nothing unlawful in a company obtaining the trade advantage resulting from its installation of a pump. In the lending of a pump without rental there was nothing tending to create a monopoly.

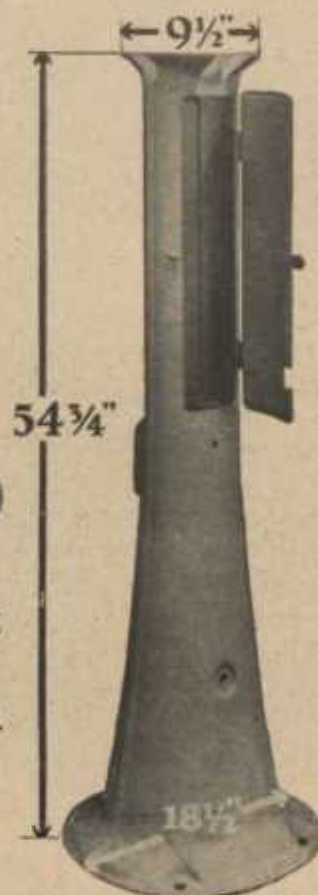
The court reached the same conclusion about the clause in the lease preventing the sale of another company's gasoline from the pump. The retailer was not prevented from obtaining a pump from another company, and could sell all of the gasoline he liked of other companies, so long as he did not use the lent pump for other companies' product. Consequently, the case was different from the shoe-machinery case and the dress-pattern case recently before the Supreme Court. In the former, the tying clause had expressly referred to one machine but the conditions of manufacturing shoes were such that in effect it extended to all. In the latter, the tying clause expressly prevented the retailer from selling another make of patterns.

The court's decision, therefore, was that this sort of tying clause is not within the provisions of the Clayton Act and that there was not a method of unfair competition. There was no unfair competition toward other oil companies, for the reasons outlined above. There was no unfair competition with retailers who own their own pumps; competition with them is merely increased. There is no unfair competition with the manufacturers of pumps, because the manufacturers after selling their pumps to the oil companies have turned them loose in commerce and cannot be heard to complain that the oil companies are lending the pumps to retailers and so make it difficult for the manufacturers to sell directly to retailers.



**Replaced Cast  
Pump Base  
Weight 155 lbs.**

# Bring Home the Bacon of Savings/



**Pressed Steel  
Pump Base  
Weight 60 lbs.**

ONE-two-three-four-five—count them—five points of saving for the Guarantee Liquid Measure Company were made when our Engineering Department redesigned the cast base parts of one of their pump standards into pressed steel. Any one of the items of saving would have been enough to justify "pressing the parts from steel instead," but here are all five:

- 1 60% saving in cost.
- 2 Expensive machining operations were eliminated.
- 3 Greater strength with no possibility of breakage due to handling, shipping or accidental collision.
- 4 Pressed Steel parts weigh 60 pounds as compared with 155 pounds of cast parts—a 95 pound saving that cuts freight and handling costs.
- 5 Smoother and more attractive finish for painting and enameling.

To say more about the saving which pressed steel accomplished in this instance would be "carrying coals to Newcastle."

The main point is "Can you afford to overlook the possibilities of saving which pressed steel may make for you if you are a user of cast parts?" To find out, all we ask you to do is to send us a sample or blue print of any cast part you are using and we will answer this question without any obligation on your part.

**"Press it from Steel  
Instead"**



*We have an interesting series of folders describing savings pressed steel has made for manufacturers in many different industries. A complete set will be sent on request.*

**YOUNGSTOWN PRODUCTS FOR MANUFACTURER & BUILDER**

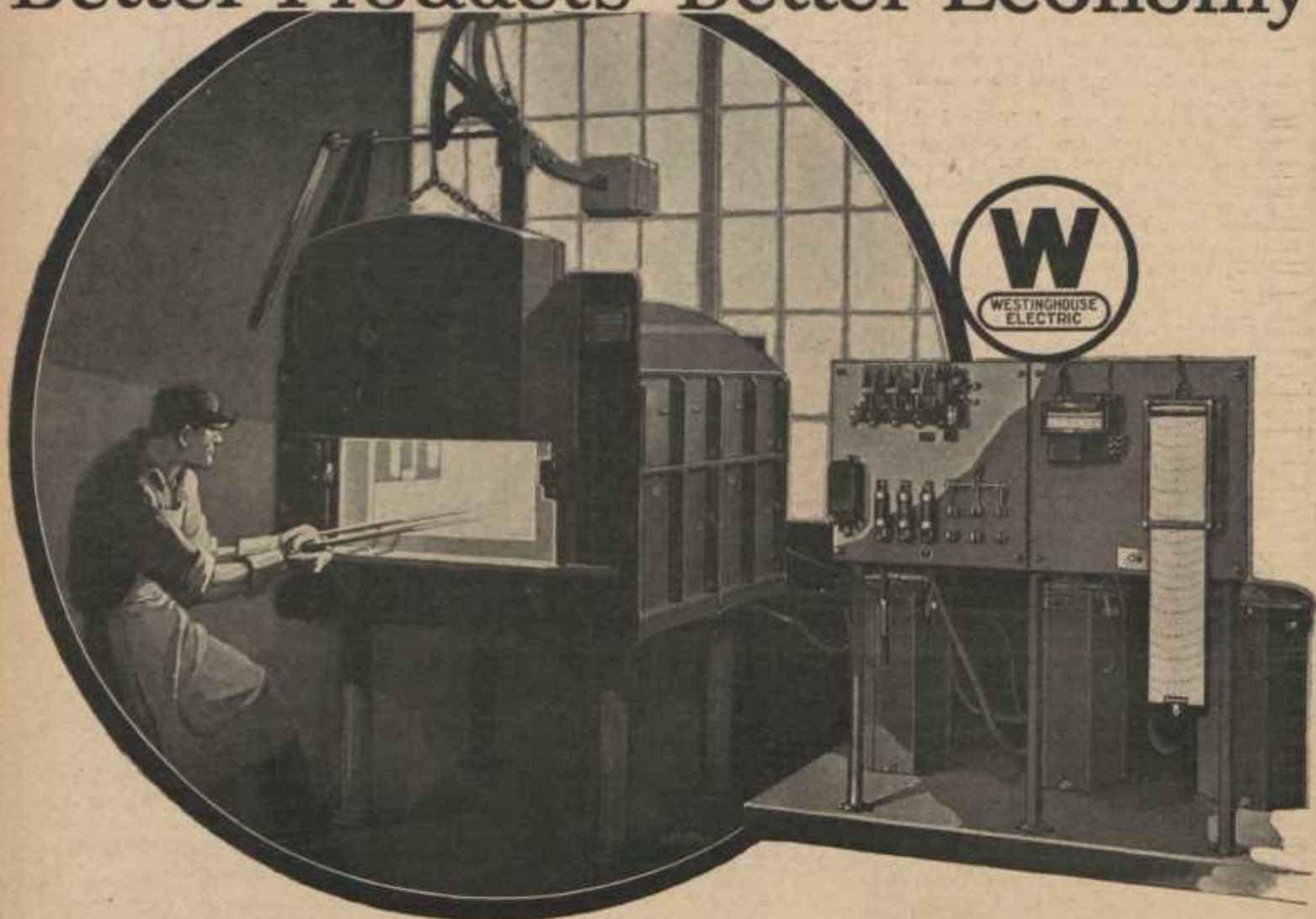
<b>AGRICULTURAL</b> TOOL & WEIGHT BOXES - SEATH LAWN LAYERS - FURNACE - GROUND WORKERS RAILROAD CLAMP - DISTRIBUTION BOXES LAND ROLLERS, REAR	<b>AUTOMOTIVE</b> RADIATOR SHELLS - CRANK CASES MOUNTING COVERS - BRAKE DRUMS CLUTCH DISCS - STEEL HANGERS HUB FLANGERS	<b>GENERAL</b> EFT TRUCK PLATFORMS - TANK HEADS INDUSTRIAL CAR WHEELS - WHEEL DRUMS HATCH CLEATS - BARREL HEADS CONFOUNDED BOXES	<b>FIREPROOFING</b> WATER GARD - FACTORY SHEDS - MATERIAL FIRE BRICK - CHIMNEYS - LUGGERS - WIRE MESH - COAT WATERPROOFING - PAINTS - CONCRETE - REINFORCING WATERPROOFING & REINFORCING MATERIAL
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PRESSED STEEL CO.**

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# Better Products—Better Economy



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Three and a half million safety springs heat treated in a Westinghouse Hevi-Duty furnace without a single rejection, without necessitating a single reheat! If there is anything greater than 100% efficiency, here it is.

Continuous service for two years and a half, six days a week, ten hours a day, at temperatures between 1800 and 1900 F., with heating elements practically unimpaired! This is another instance, a different instance than that mentioned above, where economy and low maintenance are strikingly evidenced.

Westinghouse Hevi-Duty furnaces are making for better results, both as to product and costs, in almost every industry. They are treating steel, brass, copper, aluminum, al-

loys and other metals, annealing glass, firing china and enamel, and doing all the work that furnaces heated with other fuels have hitherto been given to do.

Westinghouse furnaces are particularly desirable for the ease with which they are exactly controlled, at low temperatures as well as high; for their extremely substantial construction; for their soundness of design; for the high quality of the products they produce, as well as for the high percentage of perfect products; and for their economy of operation.

Westinghouse can make it profitable for any industry to use electric heat.

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# Westinghouse





#### Mechanical Details

An enclosed unit with a series of pipe coils mounted above a powerful multivaned fan wheel. Coils heated by exhaust or live steam. Cold air is drawn into the heater by the fan, impelled upward and around the coils, heated, and then diffused through outlet hood to every part of the open area. Can be used as a ventilator. Where steam is not available we supply our direct fired type DF, which burns coal, coke, wood, gas or oil. Fan operated by any power available.

## This Heater Does Amazing Work

Skinner Bros. (Baetz Patent) Heaters will thoroughly warm your entire plant or factory building, regardless of weather conditions, building construction or exposure. No outside pipes or ducts used—you save their installation expense as well as valuable factory space usually cluttered up with pipes and similar fittings.

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Skinner Bros. are pioneers in the development and manufacture of ductless heaters and their long experience has led to many exclusive features of advanced design and construction. Every Skinner Heater is fully guaranteed when installed as directed by our engineers, after a survey of the premises.

Get full details about this really amazing heating system.

Tell us something about your heating problems—we can probably send you specific information of value.

If you wish, we will gladly forward a list of users so that you can make your own investigation.

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*Baetz Patent* **HEATING SYSTEM**





4-cylinder, 4 to 6 ton Autocar; 156-inch wheelbase; unladen chassis weight only 7400 pounds; chassis price, \$4100



4-cylinder, 2 to 3 ton Autocar; 138-inch wheelbase; unladen chassis weight only 5350 pounds; chassis price, \$3075



4-cylinder, 4 to 6 ton Autocar; 120" wheelbase; unladen chassis weight 7200 lbs.; chassis \$3950



4-cylinder, 2 to 3 ton Autocar; 114" wheelbase; unladen chassis weight 5200 lbs.; chassis \$2950



2-cylinder, 1½-2 ton Autocar; 120" wheelbase; unladen chassis weight 3700 lbs.; chassis \$2050



3-cylinder, 1½-2 ton Autocar; 97" wheelbase; unladen chassis weight 3600 lbs.; chassis \$1950

## What a motor truck buyer wants to know

- 1 With whom he is personally dealing
- 2 Responsibility and experience of manufacturer
- 3 Trade in, rebuilding and reconditioning policy
- 4 Design and mechanical superiority
- 5 What size and weight truck he needs
- 6 What load he can legally carry
- 7 Insurance and license expense
- 8 Necessary gas and oil consumption
- 9 Cost of replacement parts
- 10 Assurance of immediate service

*Because he wants  
continuous economical transportation*

**We sell Autocars exclusively  
New, rebuilt and reconditioned**

*A motor truck is only as good  
as the service behind it*

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Branches of The Autocar Co., Ardmore, Pa.,  
in 36 cities

# Autocar

1897

Wherever there's a road

1922